



CSCAP

REGIONAL **SECURITY** OUTLOOK



COUNCIL FOR
SECURITY COOPERATION
IN THE ASIA PACIFIC

2013



The Council for Security Cooperation in the Asia Pacific (CSCAP)

is the region's leading Track Two (non-official) organization for promoting cooperation and dialogue on regional security issues. CSCAP was established in 1993 and now has 19 national Member Committees and one Observer. (For more information about CSCAP, please visit www.cscap.org)

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Editorial Panel

Desmond Ball

CSCAP Australia, Special Professor, Strategic and Defence Studies Centre, College of Asia & the Pacific, Australian National University

Anthony Milner

CSCAP Australia, Basham Professor of Asian History, School of Culture, History and Language, College of Asia & the Pacific, Australian National University

Rizal Sukma

CSCAP Indonesia, Executive Director, Centre for Strategic and International Studies, Indonesia

Yusuf Wanandi

CSCAP Indonesia, Senior Fellow, Centre for Strategic and International Studies, Indonesia

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Cover photographs

Thai soldiers rest outside the venues of the 14th ASEAN Summit and Related Summits on 11 April 2009 in Pattaya, Chonburi. Protestors successfully cancelled the three day regional summit, highlighting their campaign against the Thai government;

A U.S. Navy CH-53E Sea Stallion helicopter, assigned to the Air Combat Element of the U.S. Marine Corps 31st Marine Expeditionary Unit, lands on the flight deck of the forward deployed amphibious assault ship USS Essex (LHD 2) in the South China Sea, 13 April 2009

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LETTER FROM THE CO-EDITORS

On behalf of the Council for Security Cooperation in the Asia Pacific (CSCAP), we are pleased to present the *CSCAP Regional Security Outlook 2013* (CRSO 2013). Inaugurated in 2007, this is the sixth annual CRSO volume.

The CRSO brings extensive analysis of critical security issues facing the region and suggests policy-relevant alternatives for Track One (official) and Track Two (unofficial) to advance multilateral regional security cooperation.

The views in the CRSO 2013 do not represent those of any Member committee or other institution, and are the responsibility of the editors. The charts, figures, tables and images in the CRSO 2013 do not necessarily represent the views of the chapter authors.

Olivia Cable and Christine M. Leah
Co-Editors

HIGHLIGHTS FROM THE CRSO 2013

Growing uncertainty over regional stability

- > Growing tensions in the region with disputes between several countries, including the Philippines and China, over territorial claims in the South China Sea
- > Wariness about U.S. security commitments towards Japan regarding increased possibility of a crisis between Tokyo and Beijing over the Senkaku/Diaoyu islands
- > A wider range of human and resource security issues are increasing in importance at the same time that great power strategic relations threaten to become more unstable
- > ASEAN's role in managing all these issues remains uncertain

Concerns remain

- > Military build-ups aggravate insecurity. Clashes continue in the South China Sea
- > Regional conflict threatens spillover effects
- > Growing concerns about the prospect of major power conflict between Japan, China and the U.S.

Human security issues

- > Asian populations remain under severe stress - resource insecurity, environmental damage, disparate economic growth and unstable political regimes

Significant challenges for 2013

- > Stabilisation of the global financial system is essential for sustaining economic growth maintaining regional stability
- > Members of ASEAN must assume a greater role in contributing to regional stability, both unilaterally and through the institution itself
- > Human security priorities—refugees, internally displaced persons, resource allocation, sustainable development, people in poverty—demand attention
- > Regional conflict prevention and conflict resolution capacities need to be bolstered, especially in maritime navigation rights
- > As an organisation, ASEAN needs to assume a greater role in contributing to increased dialogue between the major powers if it is to remain relevant as a regional security institution

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INTRODUCTION: CSCAP REGIONAL SECURITY OUTLOOK 2013

Desmond Ball,
Anthony Milner,
Rizal Sukma &
Jusuf Wanandi

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The confrontation in the South China Sea has attracted much attention and has brought a perceived threat to the unity of ASEAN. There is evidence, however, of the rising importance of some ASEAN states, including not just Indonesia and the Philippines, but also the new Myanmar.”



Produced by Multimedia Services, College of Asia & the Pacific, The Australian National University

Apart from the sharpening tension between the United States and China, major developments over this year have included a worsening of relations between China and Japan – as well as disputes between South Korea and Japan. The confrontation in the South China Sea has attracted much attention and has brought a perceived threat to the unity of ASEAN. There is evidence, however, of the rising importance of some ASEAN states, including not just Indonesia and the Philippines, but also the new Myanmar. These and other state-focused developments are examined in one way or another in this *CSCAP Regional Security Outlook* (CRSO), as are more general challenges such as the emergence of water availability as a security issue, cyber security and the continued building up of the region’s military capacity. The regional security outlook is in a number of ways unsettling.

In November 2011, President Obama told the Australian Parliament that the United States “has been, and always will be, a Pacific nation” and intended now to play a “larger and long-term role in shaping this region and its future.” As Meidyatama Suryodiningrat argues below, the United States ‘pivot’ (or ‘rebalancing’ as it was later termed) “encompasses political, economic and military aspects” - but

with the U.S. economy “still reeling”, it is the military option that has been “the first ... foot forward in implementing the pivot”. This military dimension is evident in the announcement that a greater proportion of United States naval force will now be focused on the Pacific. Some 4,500 marines will be re-located to Guam and marines will also be rotated through Darwin in Northern Australia and the Philippines. More combat ships will be deployed in Singapore and in ports on the north and west coast of Australia. What seems to be intended here is a shift in United States force from Northeast Asia to the Southwest Pacific and Southeast Asia.

The United States military initiatives were widely believed to be designed to counter the growing power of China. Following Obama’s Australia speech, a lead commentary in the British *Financial Times* made the disturbing observation that: “historians will look back and ask whether November 2011 marked the moment when tensions with China, the superpower-in-waiting, escalated irreversibly”. An assessment of the American pivot, however, needs to take into account the overall planned reduction in the country’s military strength, and the fact that the United States’ economic role in the region has declined in recent years. America is no longer the major



America is no longer the major export destination for Asian countries and its share of the region's incoming foreign investment has also dropped. Despite the pivot, the United States' role in the Asian region is unlikely to expand in absolute terms.



export destination for Asian countries and its share of the region's incoming foreign investment has also dropped. Despite the pivot, the United States' role in the Asian region is unlikely to expand in absolute terms. Assessing United States-China relations also requires recognition of the growing economic interdependence between the two countries.

As for China itself, the story of economic growth continues – though with some faltering in the latter part of 2012 (from a 10.2 per cent growth rate in 2011 to 7.4 per cent in the third quarter 2012) – and is accompanied by the strengthening of the country's military capacity. As Richard A. Bitzinger points out in his essay in this CRSO edition, China's military spending is now more than twice that of Japan. In the current year, China has also experienced a deterioration of relations with Japan, particularly over the Senkaku/Diaoyu Islands (to use both the Japanese and Chinese names), despite the massive and growing economic entanglement of these two East Asian mega-states. In September, anti-Japanese demonstrations were held in more than a hundred cities across China, with business (including tourist) activities suffering as well.

With respect to India, Ajai Shukla points out that although this state "is fast

emerging as the Indian Ocean's regional policeman" we need to be cautious in assuming the development of a sharp contest with China. Indian policymakers, he says, are "openly declaring their unwillingness to be drawn into the emerging U.S. - China rivalry in the Western Pacific, South China Sea and the Yellow Sea". In India there is not a "great belief in American steadfastness".

The Indian Navy certainly operates in areas claimed by China and is "strengthening partnerships" with Japan, South Korea, Vietnam, Singapore and Indonesia, but India is nevertheless "keeping the door open for China".

In the Pacific, China's rise is again an issue. It has been active in both aid and business in this region of small and tiny states and this has tended to counter Australian and New Zealand influence. The states of Pacific Oceania, explains Joanne Wallis, are at last demonstrating some stability and there is "optimism regarding the region's natural resource richness". What once was seen as an 'arc of instability' is becoming an 'arc of opportunity'. But a cause for anxiety is whether "the region could become caught-up in wider great power competition for influence in the Pacific Ocean". The fact that United States Secretary of State Hilary Clinton attended the Pacific Islands Forum in

August this year enhanced the sense of strategic contest. One positive development, however, was China's agreement to partner with New Zealand in improving water provision in the Cook Islands. "Until recently China had been reluctant to engage cooperatively" and this move was welcomed by Clinton as setting "a good example for working with China".

The confrontation between China and a number of ASEAN states in the South China Sea (the Philippines and Vietnam in particular over the last year) has been given careful consideration in a number of the essays below. With America expressing support for ASEAN claims and for maintaining the 'freedom of the seas', Robert Beckman stresses the growing danger that the South China Sea could become "a stage for power struggle between China and the United States." With this in mind, Meidyatama expresses anxiety over the fact that after two decades following the Cold War Southeast Asia is finding itself "where it first started: a pawn in the strategic chess match" between the major powers. Jia Qingguo's essay is of real interest here because its detailed analysis of the South China Sea contest suggests an important degree of flexibility on China's part. This article deserves particularly careful reading.



Mainland Southeast Asia in particular, although entering a period of extensive infrastructural and economic developments, is ‘a sub-region with the potential to become an arena where great powers rival for influence’.



The South China Sea disputes, it needs to be said, has already created a crack in ASEAN's unity. The failure of the July ASEAN foreign ministers meeting – held in Phnom Penh and chaired by Cambodia – to issue the usual end-of-meeting communiqué provoked much regional and international disappointment. Allegedly under Chinese pressure, Cambodia refused to include the Philippine and Vietnamese positions on the disputes. Perhaps influenced by the Phnom Penh events, Thitinan Pongsudhirak – like Meidyatama - worries about the ASEAN region becoming a theatre of contest. Mainland Southeast Asia in particular, although entering a period of extensive infrastructural and economic developments, is “a sub-region with the potential to become an arena where great powers rival for influence - China as the resident superpower, the preponderance of U.S. staying power, Japan as a heavy investor and India as a civilisational cradle”.

The Phnom Penh failure was a crisis, but perhaps it has been overemphasised. The lack of a communiqué certainly demonstrated an organisational weakness, but the faltering in ASEAN unanimity when faced with the determined intervention of a major power is hardly surprising. It must also

be recalled that following the meeting, Indonesia's Foreign Minister carried out an impressive shuttle-diplomacy initiative, which resulted in a unanimous ‘Six Principle’ plan for approaching South China Sea issues. Indonesia, though not currently the ASEAN chair, showed leadership here – and may continue to assist ASEAN's effectiveness in this way.

The now impressively growing Indonesian economy and the country's increased assertiveness in international affairs, are themselves major developments in the regional security outlook. Together with signs of serious growth in the Philippines, positive predictions regarding the future economic development of Thailand and Malaysia and the emergence of the new Myanmar, it is clear that the ASEAN region should not be underestimated in assessing the future configuration of the Asia Pacific.

Commenting yet again on the division within ASEAN, See Seng Tan points out that maintaining ASEAN centrality in the broader Asian regional architecture is vital for ASEAN – but asks whether ASEAN can “continue to glue all regional stakeholders together when the Association itself risks coming unglued?” It may be time, he suggests, for ASEAN to “grant other regional stakeholders

greater stakes in regionalism”, and he suggests that CSCAP might be a model for this in the case of the ASEAN Regional Forum (ARF). Unlike the ARF, CSCAP has a formula for including non-ASEAN members in its rotating chairmanship.

Regional architecture in the Asia Pacific remains complex. The United States President joined the East Asia Summit in November 2011 but the majority of East Asian business remains in the ASEAN Plus Three Process. The ASEAN Defence Ministers Meeting (ADMM)-Plus - which brings together the ASEAN Defence Ministers with eight ASEAN Dialogue Partners (China, Japan, South Korea, India, Australia, New Zealand, the United States and Russia) – was initiated in 2010 and has obvious potential, but it meets only on a two-year basis and its relationship to the ARF needs further definition. With respect to regional trade agreements, there have been competing proposals from Japan, China and the United States. There seems, however, to be a positive development in 2012 with both China and Japan now appearing to back the Regional Comprehensive Economic Partnership (RCEP), an ASEAN-led initiative that seeks to build on the Chinese and Japanese schemes and would include Australia, India and New Zealand.

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Looking to more generalized security developments, with the shift of global economic power toward Asia, the upgrading of the region's militaries also continues. Although this includes military modernisation in Southeast Asia, Richard A. Bitzinger (in the present edition of the CRSO) focuses on Northeast Asia where China, Japan, South Korea and Taiwan spend collectively nearly US\$200 billion on their militaries – nearly as much as the entire European Union. Foreign arms sales to the region, he says, appear to be “tapering off”, but when we examine the substantial indigenous production of military equipment, it is clear that the rate and amount of arms acquisitions has not declined. Regional militaries are “increasingly more capable when it comes to precision-strike, firepower, mobility, long-range naval and air attack, stealth and expeditionary warfare”.

In Bitzinger's essay and the important pieces on water and cyber-security, the CRSO does what Track Two analysts ought to do – analyze and warn. The documented increase in regional arms acquisitions, the worrying statistics on water availability and the defining of a range of emerging cyber dangers are presented here only partly for the attention of governments – as further



Secretary of Defence Leon E. Panetta and Chinese Minister of National Defence General Liang Guanglie participate in an honors ceremony for Panetta in Beijing, 18 September 2012. Image: U.S. DOD by Erin A. Firk-Cuomo.

troubling developments in the regional security outlook. They are also a reminder of the breadth of the security agenda that needs to be addressed by Track Two organisations such as CSCAP.

Desmond Ball and Anthony Milner are Co-Chairs of CSCAP Australia. Rizal Sukma and Jusuf Wanandi are Co-Chairs of CSCAP Indonesia. Ball, Milner, Sukma and Wanandi comprised the Editorial Panel for CRSO 2013.

CYBER - SECURITY: THE IMPORTANCE OF PARTNERSHIPS

Ian Dudgeon

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One of the highest priorities for states - though by no means the only one - is to acquire sensitive strategic and tactical intelligence for political, defence or economic purposes.”



Each year the message conveyed by experts in cyber security is the same: threats to information and communications technology (ICT) across cyberspace are real, increasing in number and sophistication, and designed to exploit the vulnerabilities of all stakeholders, including government, business and the general public. Strong co-operative partnerships between stakeholders, both domestic and international, are an essential element of the mitigation process and these will need to be adapted and updated.

The Operating Environment: its Functionality and Security

All responsible ICT users share an interest in maximising security within cyberspace. Whether it is home-use of internet banking services or official use of protected communications networks, a secure, resilient and trusted operational environment is both increasingly vital and, at the same time, increasingly difficult to preserve. The challenge for policymakers is thus to uphold the highest possible standard of Information Assurance (IA), which is defined by the availability, integrity and, where appropriate, confidentiality of information and its supporting technology.

For governments and militaries, the cyber operating environment is especially complex. Compared to sea, air, land or space - which have long featured in the strategic calculations of advanced industrialised countries - cyber-space is a new and unfamiliar realm. Improvements in hardware tend to occur even more rapidly than in traditional theatres of competition. Intrusive or offensive software can be continually modified and upgraded to overcome defensive security measures, producing a rapidly changing – and potentially escalatory - offence-defence dynamic. Meanwhile, the proliferation of users themselves, whether members of government, business or the public - which includes people who design, build, own, operate, regulate and maintain various cyber components – only adds to the complexity of maintaining cyber-security.

Cyber-security is about stakeholder awareness of those security measures and their effective implementation.

THREATS

The full range of threats to cyber security is documented starkly in a report by Symantec (one of the world's leading security technology companies) entitled *Internet Security Threat Report for 2011*. Based on information from more than 200 countries, the report states that:

More than 5.5 billion malicious attacks were blocked in 2011, up 81 per cent from 3 billion in 2010

4,595 web attacks were blocked daily in 2011, up 36 per cent from 2010

403 unique variants of malware were identified in 2011, up 41 per cent from 286 in 2010

Targeted attacks increased from 77 to 82 per day during 2011. These attacks include Advanced Persistent Threats (APTs), which use customised software for the conduct of cyber espionage against specific high-value strategic government and industry targets. Targets included major organisational databases and data within mailboxes and mobile/portable devices (laptops, tablets, smart phones) of senior and middle ranking executives

315 new mobile/portable device vulnerabilities were detected in 2011, up from 163 in 2010

More than 187 million identities were exposed in 2011 due to hacking attacks. This exposure opened up vast opportunities for identity theft and fraud

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Geographically - according to McAfee's survey of infrastructure executives - 36 per cent of all attacks originated from the U.S., 33 per cent from China and 12 per cent from Russia.”

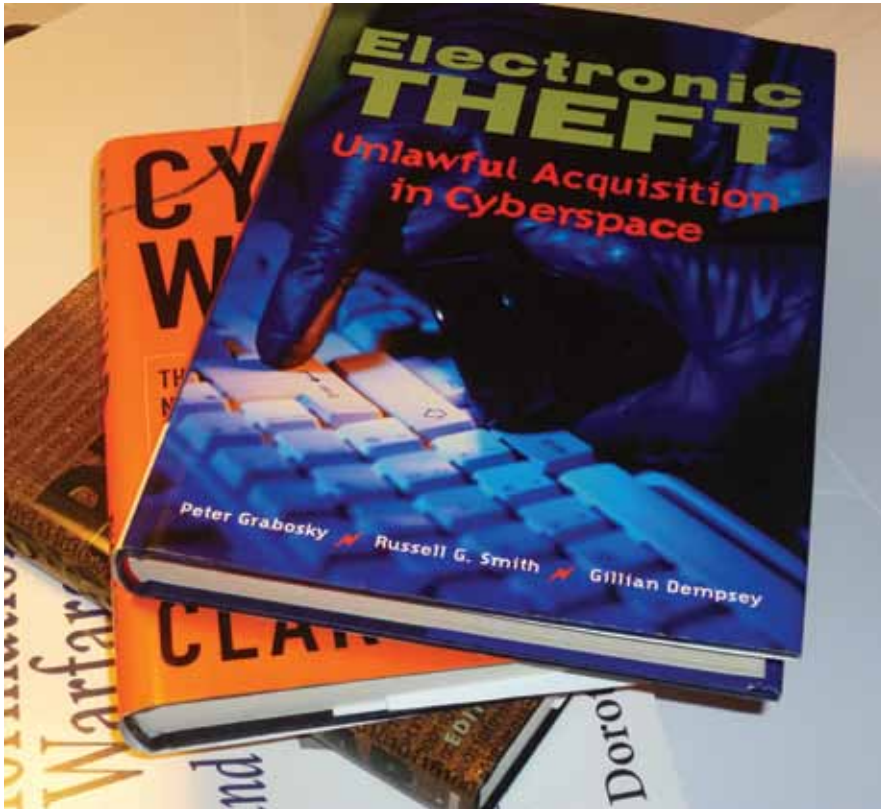
Threats: who, what, where and how

In general, cyber-threats originate from sources in a few major categories: other nation states, acting in their own national interest; criminal syndicates, especially - but not exclusively - well-resourced organised crime networks, which in some cases operate trans-nationally, compounding the difficulty of detecting and disrupting their activities; business corporations seeking commercial advantage over competitors; political or other issue-specific motivated groups (IMGs); cyber vandals; and a catch-all of other malicious and non-malicious 'hacktivists'.

Unsurprisingly, cyber-space targets vary widely and depend on the origin and motivation of the group conducting the attack/intrusion. One of the highest priorities for states - though by no means the only one - is to acquire sensitive strategic and tactical intelligence for political, defence or economic purposes. In this regard, cyber-attacks offer both the potential for targeted collection activities and, at the same time, a high degree of deniability should an attack be detected. In the economic realm, for example, a 2011 report to the U.S. Congress by the U.S. Office of the National Counterintelligence

Executive, *Foreign Spies Stealing U.S. Economic Secrets in Cyberspace: Report to Congress on Foreign Economic Collection and Industrial Espionage 2009-2011*, identifies technological targets likely to be of interest because of their significant military or economic value. These relate primarily to ICT, military maritime and aerospace/aeronautical applications, energy generation, advanced manufacturing, healthcare and pharmaceuticals and agriculture. They also include business deals relating to projects and project financing, especially in energy.

For corporations, targets include intellectual property and other sensitive business data which, when exploited, portend significant commercial advantages. Cyber-attacks also allow for the destruction or disruption of infrastructure, including operating systems of public or private utilities. At lower levels - in the case of non-malicious 'hacktivists' - penetrating security barriers can be undertaken for little or no reason other than the satisfaction of the challenge. McAfee, another leading global security technology company, provides a detailed breakdown of cyber attacks against critical infrastructure companies in their 2010 report, *In the Crossfire: Critical Infrastructure in the Age of Cyber War*.



This report, based on a survey of some 600 IT and security executives within infrastructure companies in 14 countries, noted that: 89 per cent of companies had experienced infection by a virus or malware; 60 per cent had experienced 'theft of service' attacks; 54 per cent experienced 'stealthy infiltration' that targeted theft of data or the takeover of critical Supervisory Control and Data Acquisition (SCADA) control systems; approximately 20 per cent experienced extortion or the threat of extortion through the targeting and infiltration of control systems; and 29 per cent had experienced large scale distributed denial of service (DDOS) attacks, often several times a month, of which some two thirds had impacted on operations.

Geographically - according to McAfee's survey of infrastructure executives - 36 per cent of all attacks originated from the U.S., 33 per cent from China and 12 per cent from Russia. Of the remainder, Germany, the U.K. and France accounted for no more than 6 per cent. The U.S. Office of the National Counterintelligence Executive explicitly

identifies attacks from China and Russia and strongly implies that the intelligence services of both countries are involved as well as non-government perpetrators. It also implies some allies and partners of the U.S. may be responsible for periodic intrusions. Symantec, on the other hand, uses dots on a world map to identify the geographic distribution of the attackers' Internet Protocol (IP). This shows attackers located in all continents, including Australia, but most concentrated in North America, Western Europe and North Asia. Determining who is responsible for any given attack or intrusion is problematic, given the extensive use of proxies and attacks through third-countries to hide identities or at least to ensure plausible deniability.

The clear message flowing from these reports is that economic espionage, by more traditional as well as cyber means, is alive and well. It is occurring between friend and foe alike and may include direct or indirect government involvement.

Exactly how cyber-attacks are mounted is constantly changing, partly as a

consequence of the ever-evolving changes in information technology itself. Some examples are:

- > Authors of malware may exploit new technology to compromise older systems before new patches are installed, or may have identified vulnerabilities within and mounted successful zero-day attacks on new systems before those vulnerabilities have been identified and patched by vendors. In a sense, it is a game of catch-up
- > The increased use of mobile/portable devices in both a social and business context has opened up new opportunities for penetration. Mobile phones are being used increasingly to store personal data including details of bank accounts, credit cards, pin numbers, passwords and the like. In a business context, there is a strong push for more flexible mobile connectivity with the office - especially during periods of business travel. Generally, however, the level of security on mobiles is significantly less than on a non-mobile office or home computer
- > The increased use of social media - such as facebook - continues to be a lucrative source for mining personal data, particularly indiscrete data, and offers opportunities for fraud or extortion
- > Wikileaks has demonstrated that even without internet-connectivity, sensitive information in digital form can still be subject to cyber crime by a trusted 'insider'

Enhancing cyber-security

In April 2012, the Council for Security Cooperation in the Asia Pacific (CSCAP) published *Memorandum 20: Ensuring a Safer Cyber Security Environment*, which reported the findings and recommendations of a CSCAP Cyber Security Study Group on the importance of - and measures to enhance - cyber-

security within the Asia Pacific region. Although not the first organisation to report on the importance of cyber security in a regional context, the CSCAP memorandum does provide recommendations of agreed specific cyber-security measures for regional implementation. There were two significant factors here: first, the mix of Asia Pacific nations that comprised the Study Group (the larger states of China, India, the U.S., Japan, Russia and the middle and smaller regional states of South Korea, Vietnam, Brunei, Singapore, Malaysia, Thailand, Cambodia, New Zealand, Australia and Chinese Taipei); and, secondly, the commitment of all Study Group members to identify issues of mutual concern and mitigation measures that were practical and able to be implemented by all countries. The outcome was unanimous.

CSCAP recommended a cyber-security regional strategy comprised of two parts - one focused on national requirements, and the second on measures to enhance regional cooperation.

At the national level, the report identified the need for strong leadership by governments in order to enact a holistic cyber-security strategy. This would increase cyber-security awareness across government, the private sector and society generally - to promote effective partnership arrangements between government and the private sector and develop an effective legal framework and enforcement capabilities to combat cyber crime and establish and strengthen Computer Emergency Response Teams (CERTs) with adequate resources and empowerment.

Regionally, the memorandum recommended that the ASEAN Regional Forum (ARF) should take the leadership role to enhance mechanisms - through local CERTs - for information sharing about cyber threats. It also



... partnerships need to be premised on compliance with requirements mandated by legislation or regulation, business or other contractual arrangements, voluntary codes of practice or all of the above.



recommended the implementation of capacity building and technical assistance measures, including expanding the role and responsibility of Asia Pacific Computer Emergency Response Team (APCERT), and the harmonisation of laws amongst regional countries to combat cyber-crime. The basic message: close cooperation between all stakeholders is essential.

Partnerships

The most effective means of cooperation is through partnerships, and these need to be premised on compliance with requirements mandated by legislation or regulation, business or other contractual arrangements, voluntary codes of practice or all of the above. Whatever the reason for joining, the best partnerships translate commitment between stakeholders through a sense of ownership and mutual benefit.

A recent joint public education initiative on mitigation strategies undertaken in Australia through a partnership arrangement between Microsoft and Australia's Defence Signals Directorate (DSD) - the Australian government's authority on information security - identified the top four mitigation techniques. They included ensuring that security patches by software vendors were up-to-date; installing modern software to replace the more vulnerable older software; minimising administrative privileges

and 'whitelisting', which identifies and blocks malware applications. Steve Meekin, the Defence Deputy Secretary responsible for overseeing DSD, stated in the Security in Government Conference held in Canberra on 4 September 2012 that if stakeholders adopted these four techniques for mitigation, they would have prevented more than 85 per cent of the intrusions analysed and responded to by DSD.

Of the many ingredients in cyber security, none are more important than effective partnerships between all stakeholders, bonded by ownership and mutual benefit.

Ian Dudgeon is a Canberra based consultant and AusCSCAP co-chair of the CSCAP Cyber Security Study Group.

WATER SECURITY : A CAUSE FOR CONFLICT IN ASIA?

Brahma Chellaney



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Given that economic activity accounts for 92 per cent of the world's annual water use - including industrial and food production - Asia's rapid economic growth has contributed to its growing water stress. ”

With the lowest per-capita freshwater availability among all continents, Asia is a hub of global water challenges. Water availability in Asia is less than half the global annual average of 6,380 cubic meters per inhabitant. Asia's rivers, lakes and aquifers per capita, bring barely one-tenth the water of South America or Australia and New Zealand - less than one-fourth of North America, nearly one-third of Europe, and about 25 per cent less than Africa.¹ Serving as a locomotive of the world economy, Asia has become the fastest growing region demanding water for food and industrial production.

The most dynamic Asian economies - including China, India, South Korea, Japan, Vietnam and Singapore - are in, or close to being in conditions of water stress. Just three or four decades ago, these economies were relatively free of this phenomenon. This shows how dramatically the water situation has changed. And if we look three or four decades ahead, the water situation will likely worsen in fast-growing Asian economies, including countries where the total fertility rate (TFR) remains high. For example, Pakistan's exploding population has turned the country's situation from water sufficiency - which lasted until the 1980s - to increasing water distress.

The Asian water crisis is contributing to the degradation of surface and subterranean water resources and presents a growing threat to natural ecosystems. In an ever-deeper search for water, millions of pump-operated wells threaten to suck Asia's groundwater reserves dry - even as the region confronts river depletion.

At least seven factors have contributed to water insecurity in Asia.

1. Galloping economic growth

One key factor responsible for the water crisis and the attendant risk is that Asia is not only the largest and most populous continent, but also the world's fastest developing region. Its aggregate economic growth has averaged about 7 per cent since 2000. Given economic activity accounts for 92 per cent of the world's annual water use - including industrial and food production - Asia's rapid economic growth has contributed to its growing water stress.

Asia already has the world's largest number of people without basic or adequate access to water. Besides high water distribution loss and a lack of continuous supply in many cities, unregulated industrial and agricultural practices contribute to widespread



With its vast irrigation systems, Asia now boasts the bulk of the world's land under irrigation. It has 70.2 per cent of the world's 301 million hectares of land equipped for irrigation. Just three sub-regions of Asia alone —China, South Asia and Southeast Asia - account for more than 50 per cent of the world's total irrigated land. This indicates that Asia's irrigation networks are concentrated in its most populated sub-regions.



drinking-water contamination. Diffuse water stress has important implications for poverty alleviation in a region where the percentage of residents living in rural areas is higher than the global average. Water poverty tends to trap people in economic poverty.

A study by the International Water Management Institute found that the incidence of poverty in irrigated areas in Asia is half that of non-irrigated areas. Water shortages, then, crimp further expansion of irrigated land.

2. Soaring per-capita consumption levels

As a consequence of rising prosperity, a second factor is consumption growth. Whereas Asia's population growth has slowed, its consumption growth has taken off. The average Asian is consuming more resources: energy, food and water. Even the per-capita utilization of metals and minerals has shot up in Asia over the past four decades.

What were considered luxuries in the past are now necessities, bringing the availability of water and other natural resources under strain. A growing Asian middle class, for example, uses water-guzzling, energy-hogging comforts such as washing machines and dishwashers.

In China, daily per-capita household water use increased two-and-a-half times between 1980 and 2000 alone. Such increases in water use may be alarming but are an inevitable consequence of improved standards of living.

The broader consumption growth in per-capita terms is best illustrated by changing diets in Asia, especially the greater intake of meat, whose production is notoriously water-intensive. Growing biomass to feed animals takes far more energy, land and water than growing biomass for direct human consumption. Much of the world's corn and soybean production and a growing share of wheat now go to feed cattle, chickens and pigs.

Production of meat on average is about ten times more water-intensive than plant-based calories and proteins. The shift in Asia from a largely rice and noodle diet to one of meat - a consequence of rising incomes and urbanization - has been accompanied by a huge jump in water consumption for food production. Asia actually accounts for the world's fastest growth in meat consumption. For instance, China, Thailand and Vietnam almost doubled their production of pigs and poultry during the 1990s alone.²

3. Extensive irrigation accentuates water stress

A third factor is the role of irrigation. In modern world history, large-scale irrigation networks have played a critical role in poverty alleviation and economic development. Asia, however, illustrates how irrigation has proven both a boon and a curse.

Once a region of serious food shortages, Asia opened the path to its dramatic economic rise by emerging as a net food exporter on the back of an unparalleled irrigation expansion. Between 1961 and 2003, Asia doubled its total irrigated acreage and continues to lead global irrigation expansion. That expansion, however, has considerably slowed in the face of growing land and water shortages.

Yet without its large-scale irrigation expansion, there would have been no green revolution in Asia. The green revolution laid the foundation of Asia's economic expansion.

With its vast irrigation systems, Asia now boasts the bulk of the world's land under irrigation. It has 70.2 per cent of the world's 301 million hectares of land equipped for irrigation. Just three sub-regions of Asia alone —China, South Asia and Southeast Asia - account for more



than 50 per cent of the world's total irrigated land. This indicates that Asia's irrigation networks are concentrated in its most populated sub-regions.

Asia channels 82 per cent of its water for food production. On the one hand, with so much water diverted to agriculture, water implies food for Asia. On the other hand, from a long-term perspective this is not sustainable.

4. Rising industrial and municipal demand for water

A fourth factor is that as water demand in Asia increases - from agriculture and the industrial sector and urban households - the region has become the seat of the world's fastest industrialisation and urbanisation. As symbolized by China's export juggernaut, Asia is emerging at the centre of global manufacturing. Water shortages, however, are already getting in the way of a more rapid expansion of industrial activities, even as the fast pace of urbanization has left many cities struggling to meet the water demand of households.

5. Over-damming of rivers

A fifth factor linked to Asia's water insecurity is the large-scale sequestration of river resources through dams, barrages, reservoirs and other human-made structures, without factoring in

long-term environmental considerations and, in a number of cases, even the interests of the lower riparian states. Projects designed to offer structural solutions - in the form of dams, reservoirs, irrigation canals and levees - are often at the root of intrastate and interstate disputes.

Asia is not just the global irrigation hub but also the global dam centre. It is the world's most dam-dotted continent. Yet such over-damming has only compounded water challenges. Just one country alone, China boasts slightly more than half of the approximately 50,000 large dams on the planet.⁵

The over-damming of many rivers in Asia has left few good sites for building new dams. Yet the current dam-building programs in China and several other countries undergird the continuing attraction of supply-side approaches, centred on water diversion and storage. These approaches - also driven by the attraction of hydroelectricity - are often intended to address spatial imbalances in intra-country water distribution and to cushion seasonal variability in water availability. Yet they have contributed to instigating water feuds between provinces or communities over perceived excessive or inadequate water channelling. And when dam

building has shifted from internal rivers to international rivers, inter-country disputes and even tensions have arisen.

6. Growing environmental impacts

Another factor is the increasingly apparent environmental impact of the Asian economic-growth story, including on watersheds, riparian ecology and water quality, all of which are deepening the water crisis. State policies have unwittingly contributed to environmental degradation. For example, the provision of subsidized electricity and diesel fuel to farmers in several Asian countries has promoted the uncontrolled exploitation of groundwater—a strategic resource that traditionally has served as a sort of drought insurance.

Water abstraction in excess of the natural hydrological cycle's renewable capacity is affecting ecosystems and degrading water quality in large parts of Asia. The overexploitation of groundwater, for example, results not only in the depletion of vital resources, but also leads to the drying up of wetlands, lakes and streams that depend on the same source. The human alteration of ecosystems is an invitation to accelerated global warming.

Large dams, for their part, have caused sedimentation, inundation, habitat damage, destruction of fish species and other environmental and public health problems in Asia. Heavy damming of China's Yangtze River, for example, has upset its natural tropical flooding cycle. By blocking the natural flow of silt, the Three Gorges Dam -the world's biggest - has forced farmers in the lower Yangtze basin to increasingly rely on chemical fertilizers. In Central Asia, the Aral Sea has shrunk to less than a quarter of its original size owing to the over-damming of its sources, the Amu Darya and Syr Darya rivers.

Multiple large dams and other upstream water diversions are causing a retreat of Asia's 11 heavily populated mega-deltas that are fed and formed by rivers originating on the Tibetan Plateau. A mega-delta is defined as having an area of more than 10,000 square kilometres. The nutrients disgorged by rivers when they drain into oceans are critical to marine life and ecology. But with the over-damming of rivers reducing the downstream nutrient flows, Asia's mega-deltas have become more vulnerable to the effects of climate change and rising sea-levels. These mega-deltas - home to megacities such as Bangkok, Calcutta, Dhaka, Guangzhou, Karachi, Shanghai and Tianjin - are, in several cases, also major economic-boom zones. Meanwhile, seawater intrusion, accelerated by reckless groundwater extraction, is already affecting the availability of freshwater supplies in some of Asia's coastal cities.

7. Absence of conflict-prevention mechanisms

The final factor that has contributed to water insecurity is the absence of institutionalised cooperation characterising the vast majority of transnational basins in Asia. This reality has to be seen in the context of the strained inter-riparian relations in many basins and the broader absence of an Asian security architecture. Asia is the only continent other than Africa where regional integration has yet to take hold, largely because Asian political and cultural diversity has hindered institution building. Managing the water competition in Asia is thus becoming increasingly challenging.

The absence of legally binding arrangements for water sharing and institutionalised cooperation in most of the 57 transnational river basins in Asia also impedes sub-regional integration. Only four of these 57 river basins have a water sharing or cooperative treaties - the Mekong, Ganges, Indus and Jordan

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Water availability in Asia is less than half the global annual average of 6,380 cubic meters per inhabitant. ”



river-basins. The non-participation of the dominant upper riparian, China, in the Mekong-arrangement, has seriously encumbered that regime.

The exact number of transnational groundwater basins in Asia is unknown - no scientific assessment has been undertaken. Yet some of the shared aquifer systems have already become targets of rival appropriation plans and thus the source of political tensions. Against this background, inter-country or basin-wide water institutions are necessary to help lower the geopolitical risks and build water security. Their establishment will help moderate the risk of disputes flaring into conflict.

These are only some of the issues in terms of the region-wide water crisis. This article has focused on the sources of pressure, but it is clear that the interrelationships between these issues and others are complex and profound. It is only by working through multilateral governmental and non-governmental organisations that understanding the

nature of the interrelationships between these issues and how they will impact on different societies and geographic contexts, that resolving them will be possible. A region-wide institution with tight networks across governments, think-tanks, resource security experts and scientists should be established to study and suggest actionable policies for ASEAN to implement as an effective security institution in the Asia Pacific.

*Brahma Chellaney is a professor of strategic studies at the independent Centre for Policy Research in New Delhi. He is the author, most recently, of *Water: Asia's New Battleground* (Georgetown University Press), which won the 2012 Bernard Schwartz Book Award.*

¹Food and Agriculture Organization (FAO), Aquastat table, 'Freshwater Availability: Precipitation and Internal Renewable Water Resources (IRWR), 2010.'

²United Nations Economic and Social Commission for Asia and the Pacific, 'Sustainable Agriculture and Food Security in Asia and the Pacific' (Bangkok: United Nations Economic and Social Commission for Asia and the Pacific, 2009), p. 63.

³International Commission on Large Dams, "Intranet," online data; and World Commission on Dams, "Dams and Water: Global Statistics," online data.

CHINA AND THE REGION

Jia Qingguo

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In contrast to what is often alleged, China has not officially claimed the South China Sea as a core national interest.”



China's Minister of National Defence, General Liang Guanglie, at a joint press conference with Secretary of Defence Leon. E. Panetta in the Pentagon, 7 May 2012. Image: U.S. DOD, Petty Officer 1st Class Dhad J. McNeeley, U.S. Navy.

East Asia has found itself engulfed in a series of maritime territorial conflicts in recent years. All of a sudden East Asia appears to be edging toward confrontation and even military conflicts.

What is going on? How should we explain this? Where does all this lead? What can be done?

Get the facts straight

1. The most popular narrative is that a rising China cannot contain its territorial ambitions and that China's assertive behaviour has led to the conflicts. According to realists, when a large country experiences rapid economic growth, it inevitably engages in external expansion and runs into conflicts with other countries, especially the hegemonic state. The reality, however, is far more complicated. To begin, China's disputes with its neighbours are not the only maritime disputes in the region. Others exist between Vietnam and the Philippines, Japan and Russia, and Japan and South Korea. China has nothing to do with their disputes.

2. Until recently, unlike Vietnam, Malaysia and the Philippines, China had suspended its efforts to explore oil and gas reserves in the disputed areas for about 18 years and had not drilled a single well there. According to some experts, there are at

present few dozen exploration contracts between the concerned countries and foreign oil companies in the region, but until recently China had only one.¹

3. Although China - like other countries - believes it has stronger claims over the disputed islands than any other claimant, it has advocated a pragmatic approach to managing the disputes and has appealed for peaceful settlement. That is, despite China's insistence that it has sovereignty over the islands within the 9-dashed line² in the South China Sea - and the fact that some countries are physically occupying some islands - China has urged concerned parties to shelve the disputes and engage in joint exploration of the resources in the surrounding waters of the islands. This policy has not changed despite strong domestic political pressure demanding a tougher approach and despite the current tension over the islands and surrounding waters.

4. In contrast to what is often alleged, China has not officially claimed the South China Sea as a core national interest.³ The allegation goes back to a *New York Times* story of 23 April 2010 claiming that a Chinese official told Obama Administration officials that the Chinese Government would not tolerate external intervention in the South China



With the perceived rise of China, Americans worried about possible Chinese attempts to deny U.S. free access to maritime areas. Accordingly, the Obama Administration has taken some unusual steps to intervene in the disputes. Washington has repeatedly urged respect for the principle of freedom of navigation in the high seas and called on concerned parties in the South China Sea to deal with the problem in a multilateral setting.



Sea because it regarded the area as part of China's core national interests. An American official allegedly replied that this was the first time the Chinese Government had claimed the South China Sea as such a core national interest. The story caused much international attention. The fact, however, is that the Chinese Government has never officially made the claim and in the official White Paper on China's Peaceful Development published earlier this year, the South China Sea (other than the Spratly islands and their territorial waters) is not included in its listed core national interests.⁴

5. It is not true that China rejects a multilateral approach to addressing the South China Sea issues. China signed the Declaration on the Conduct of Parties in the South China Sea in 2002 and is actively negotiating with the Southeast Asian countries to make that code of behaviour more enforceable. China only insists that specific territorial disputes be settled bilaterally. This is not because, as a bigger country, China is in a stronger position to bully the other claimants in a bilateral setting, but because some of these territorial disputes are only between China and individual countries. Since few countries in the region will be involved in a particular dispute, China believes that a multilateral approach can only complicate problems.

6. In contrast to some claims, China has not challenged the principle of freedom of navigation. In fact, it has adhered to the principle since 1949 when the People's Republic of China was founded and has acquired increasing interest in defending that principle as China becomes increasingly dependent on international trade for economic development. China has only challenged the right of U.S. reconnaissance aircrafts and ships to collect information near its coastal areas. As China rises, there is a chance that China's position on this may change because as a power with expansive and global interests, it may find U.S. practice more congruent with its own interests.

7. As is the case with handling maritime disputes with Japan, the Philippines and Vietnam, China has in fact tried to contain the conflicts to a manageable level by refraining to dispatch its navy to deal with disputes. It has depended on maritime surveillance ships and fishery administration vessels.

8. Unlike Japan and South Korea, China has negotiated and signed many border agreements with its neighbours since 1949, and especially since Deng Xiaoping's policies of openness and reforms in 1979. For each agreement, China has made significant concessions,

including an agreement with Vietnam to settle maritime disputes in the Beibu Gulf.

Having said all this, I am not denying that China has a share of responsibility for the current tension over the islands. The problem, however, is complicated and China is less assertive and less confrontational than many people assume. The aim here is to set the record straight so the problem can be considered from a more objective and constructive perspective.

Factors responsible for the current tensions are as follows:

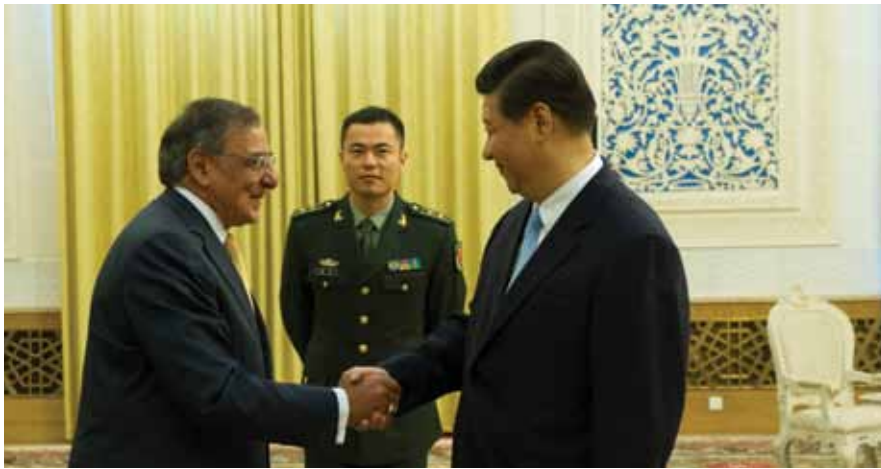
1. The deadline of the United Nations Convention on the Law of the Sea (the UNCLOS). The recent round of tension began in May 2009 when the UNCLOS deadline to register claims for extending continental shelves beyond the 200-nautical mile exclusive economic zone (EEZ) was approaching. To meet the deadline, Malaysia, Vietnam and Brunei submitted their claims. This helped clarify each country's claims but the deadline also broke the previously ambiguous peace over conflicting claims. Confronted with provocation from Vietnam, the Philippines and others, China had no choice but to fight back.

2. The perceived huge amount of resources in the seabed under the surrounding waters of the islands.

If the approaching UNCLOS deadline was the immediate cause of the current tension, resources under the seabed of the surrounding waters of the disputed islands constitute an underlying cause. The most optimistic estimate has come from China and it suggests that as much as 105 billion barrels of oil are under the seabed near the Spratly and Paracel Islands and that “the total for the South China Sea could be as high as 213 billion barrels”.⁵ In

seen to have been busy exploring the resources.

The perceived decline of Japan has also contributed to the tension. On the one hand, Russia, South Korea and China find more reason to challenge Japan over disputed territories. On the other, the sense of weakness feeds Japanese national sensitivities. Nationalists in Japan have put increasing pressure on the politically weak Japanese Government – and when the Japanese Government responds by talking tough,



Secretary of Defence Leon E. Panetta shakes hands with Chinese Vice President Xi Jinping prior to their meeting in Beijing, 19 September 2012. Panetta and Xi discussed regional security issues of interest to both nations. Image: DoD photo by Erin A. Kirk-Cuomo

addition to oil, the disputed areas are also believed to be rich in natural gas. With such expectations, no concerned country can afford not to push its claims.

3. The change in the balance of power in the region. The rise of China has a dual impact on the disputes. On the one hand, it has made China's neighbours more sensitive to China's maritime territorial claims: China has claimed the islands in the South China Sea within the 9-dashed line and the Diaoyu Islands for decades, but when China was weak its neighbours did not pay much attention to such claims.

On the other hand, as China grows in power, an increasing number of people in China argue that Beijing should no longer take a passive approach on the maritime issues. While China has shelved differences, other countries are

extricating itself from the confrontation proves difficult.

The changing balance of power in East Asia has encouraged the U.S. to become more involved in the disputes. In the past, not feeling its own dominance challenged, the U.S. had largely stayed away from the disputes. With the perceived rise of China, Americans worried about possible Chinese attempts to deny the U.S. free access to maritime areas. Accordingly, the Obama Administration has taken some unusual steps to intervene in the disputes. Washington has repeatedly urged respect for the principle of freedom of navigation in the high seas and called on concerned parties in the South China Sea to deal with the problem in a multilateral setting. The U.S. has even called the South China Sea the 'Philippine Sea' – as well as

repeating that it has an obligation to help defend the Diaoyu/Senkaku Islands under the U.S.-Japan mutual defence treaty.

4. Domestic political developments of the concerned countries. Territorial issues tend to be sensitive and nationalists in a number of countries wave flags and demand stronger government efforts to defend perceived national interests. With modern media, such behaviour can be contagious. Faced with domestic sensitivity, the Chinese government has not felt comfortable when denying that it regards the South China Sea as a whole as China's core national interest.

5. The absence of strong and imaginative leadership in the region.

Largely because of the economic recession, the U.S. has been more focused on its own domestic issues and is yet to come up with an appealing proposal to resolve conflicts. It has neither the political will nor the necessary resources to assist with developing a solution. With the view that the tense situation will help develop a coalition to balance against perceived Chinese territorial ambitions, perhaps the U.S. has been taking sides rather than acting as a fair arbitrator.

China has also not played a leadership role. Among other things, Beijing has not clarified its claims in the South China Sea adequately. What does the 9-dashed line mean? Technically, how should one define the line precisely? What is the pragmatic way to deal with the Diaoyu Island problem? Although China advocates “shelving the differences and engaging in joint exploration of the resources”, it has not made sufficient efforts to make it happen.

Japan has also failed to come up with any compromise-oriented solutions. Despite the long-standing disputes over the islands with Russia, China and South Korea, Japan is prevented by domestic political pressure from recognizing that the islands are in dispute. Unlike some parties of the disputes, Japan has not been able to solve any of its border problems since the end of the WWII.

Is military confrontation inevitable?

1. Whether people go to war or not is a matter of choice rather than destiny. In the case of the current tension over the disputed islands, the countries involved should learn to appreciate claims of other countries. Territorial disputes usually have complicated historical, geological, legal and emotional roots. More often than not, it is not a simple matter to say who is right and who is wrong.

2. One should be ready to compromise and explore next best solutions. On any given territorial dispute, the best possible solution for one country may not be so for others.

3. A pragmatic solution needs to take into full account other party's interests. The islands are regarded important because of their valuable natural resources. A pragmatic solution would involve sharing those resources. But because exploring oil and gas in the sea is costly and risky, there is benefit to be gained from international cooperation and investment.

4. Leaders of concerned countries should make efforts to shape their domestic public opinion, helping to promote a greater appreciation of the complexities of the disputes.

5. Major regional countries such as the U.S., China and Japan should assume leadership in finding ways to address the disputes. They should make sure that once an agreement is reached, it will be fully implemented - and they should be ready to pick up some associated costs.

As the most powerful country with a vested interest in the region, the U.S. should stay away from the specific disputes and approach the problem in terms of general principles and pragmatic solutions. Taking sides on specific disputes can only make things more complicated and difficult to manage. As a rising power, China should be



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sensitive and make clear that it is pressing its claims. China should also be aware that a good neighbourhood is important.

With well-publicized efforts to negotiate a more enforceable code of conduct on maritime disputes, two approaches addressing territorial disputes deserve further consideration. One is China's long-standing proposal to "shelve the disputes and engage in joint exploration of the resources". This does not require concerned countries to forego sovereignty claims. It may only require them to be pragmatic and share the resources which may reduce the significance of the conflicting territorial claims. Deng Xiaoping came up with this solution many years ago, and China's continued support for it is evident in a recent speech from Hu Jintao in Vladivostok.

Another approach is for all claimants to agree that whoever controls the disputed islands can only claim 12-nautical miles of territorial waters. In other words, they should agree to make the more extensive waters around the islands – the supposed 200-nautical mile Exclusive Economic Zone - "inclusive" rather than "exclusive" - no matter how the UNCLOS is understood. This would take away a major part of the reason for the disputes

and make it easier for claimants to manage the problem.

There may be other approaches to address China's territorial disputes. The main point is that in seeking a solution we should not make any country a total loser or any country an absolute winner.

This paper was first presented at the J-Global Forum 2012.

Jia Qingguo is Professor and Associate Dean of the School of International Studies of Peking University. He is a member of Standing Committee and the Foreign Affairs Committee of the National Committee of the Chinese People's Political Consultative Conference and a member of the Standing Committee of the Central Committee of the China Democratic League.

¹Zhuoguo guojia dili (National geography of China), October 2010, <http://e.dili360.com/ezhoukan/009/243.shtml>.

²The 9-dashed line is long regarded by China as legitimising its claims to various islands

³Meimei: Zhongguo jiang nanhai lieru hexin liyi' ('U.S. media: China includes the South China Sea as core interest of equal importance as Taiwan'), 27 April 2010.

⁴Zhonghua renmin gongheguo guowuyuan xinwen bangongshi (The Information Office of the State Council of the People's Republic of China), Zhongguo de heping fazhan (China's Peaceful Development), 6 September 2011.

⁵<http://www.globalsecurity.org/military/world/war/spratly-oil.htm>.

THE U.S. 'PIVOT': A PREAMBLE TO THE ASIA PACIFIC'S COLD WAR?

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Yet rather than a fervor for Asia, the U.S. seems preoccupied to be back with a spirit of political 'vengeance' – a desire not to be outdone by the world's most populous nation, which has now overtaken the U.S. as the world's largest manufacturer and replaced Russia as Washington's peer power.”



Secretary of the U.S. Navy in Phnom Penh, October 2012

Some have described it as a rebalancing, others a re-emphasis. There are even those who say it is a refocusing consistent with established policies.

U.S. officials in their assertiveness have been careful to explicitly not mention China, while others have gone out of their way to point out that this is not a containment strategy. Whatever catch phrase, explicit or implicit, the U.S. 'pivot to Asia' is designed to re-establish itself in the region, by way of countering a rising China.

Politically, militarily and economically, America is back (in Asia)! Yet rather than a fervor for Asia, it seems preoccupied to be back with a political 'vengeance' to not be outdone by the world's most populous nation (China) which has now overtaken the U.S. as the world's largest manufacturer and replaced Russia as Washington's peer power.

It began in Australia in November 2011, when U.S. President Barak Obama announced the stationing of Marines in Darwin by saying that "as we (the U.S.) plan and budget for the future, we will allocate the resources necessary to maintain our strong military presence in this region". He added, "we will preserve our unique ability to project power and deter threats to peace". Since then, a slew of carefully placed

remarks have given flesh to the pivot, buttressed by revealing operational plans from Washington and its allies.

In January 2012, the U.S. Defense Strategic Guidance, titled *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, confirmed Washington's outlook to increase military presence in the region. It highlighted a conscious move away from the traditional emphasis of Europe and the Middle East.

"China's emergence as a regional power will have the potential to affect the U.S. economy and our security in a variety of ways... The growth of China's military power must be accompanied by greater clarity of its strategic intentions in order to avoid causing friction in the region", it said. It is no exaggeration to suggest that Obama's visit to Australia and the proceeding U.S. Defense Strategic Guidance document can be preambles to a new Cold War.

Australia's *Force Posture Review 2012* clearly points to China as the main factor shaping Australia's military strategy, while a foundation of its security outlook remains the "continuing strategic engagement of the United States in the Asia Pacific".

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Vice President Joe Biden has asserted, 'let me be clear: we believe that a rising China is a positive development - not only for China but also for the United States and the world.'

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Even Washington's most loyal European ally, the U.K., spelt out the significance of the pivot to allay concerns of U.S. neglect towards NATO. Speaking in Washington in July 2012, Britain's Minister for Defence Phillip Hammond told fellow NATO members - far from being concerned about the tilt to Asia Pacific - European powers should welcome the U.S. engaging in a new strategic challenge on behalf of the alliance.

"The rising strategic importance of the Asia Pacific region requires all countries, but particularly the United States, to reflect in their strategic posture the emergence of China as a global power", Hammond said. To be fair, top American officials have also made formal statements generous to the rise of China, while claiming to seek a cooperative framework with Beijing. "Today, cooperation between the United States and China is imperative to address the many vexing challenges we face," said U.S. Secretary of State of Hillary Clinton. "Developing the habits of cooperation is not easy. We have a lot of work to do. But we are both committed to building a lasting framework of trust."

Similarly, Vice-President Joe Biden has asserted, "let me be clear: we

believe that a rising China is a positive development - not only for China but also for the United States and the world". He added "it will fuel economic growth and prosperity, and a rising China will bring to the fore a new partner with whom we can have help meeting the global challenges we all face". But these positive remarks have also been hedged by equally veiled extortions, particularly by Secretary Clinton's incessant jabbing of China during her global trotting of the past 12 months.

In a provocative gesture during a visit to the Philippines in November 2011, Secretary Clinton referred to the disputed area in the South China Sea by its local Filipino distinction: the 'West Philippine Sea', irking China and emboldening Manila to overshoot its exertions in the disputed territory. Her sugar-coated threats have since carried a common tone: explicitly or implicitly aimed at dissuading countries against Beijing's rising influence.

Commenting on Mongolia, China's rising democratic neighbor, Clinton highlighted in July 2012 that governments "can't have economic liberalisation without political liberalisation". As if referring to China's slowing economy, Clinton said, "clamping down on political expression or

maintaining a tight grip on what people read, say or see can create an illusion of security. But illusions fade - because people's yearning for liberty don't".

A month later in Senegal, Clinton tried to sell the tagline that the U.S. was committed to "a model of sustainable partnership that adds value, rather than extract it". She conceded that U.S. policies in the past "did not always line up with our principles. But today, we are building relationships... that are not transactional or transitory".

Clinton's rhetoric in Ulan Bator may have been a political rallying call, but her presence also served as potent lobby for American companies vying for contracts of a huge coal deposit in the south Gobi, just 140 kilometers from the Chinese border. China overshadows the U.S. as Africa's largest trading partner. This tour was a belated effort to wrestle back influence in the continent. Beijing's impact in Africa - such that the African Union headquarters in Addis Ababa - has been built as a gift from China, further extending its credit line to Africa to US\$20 billion.

Notable U.S. Bases/Significant Presence in the Asia Pacific	
Hawaii	Naval, Army & Air Force bases. Pearl Harbour is home of the Pacific Fleet
Guam	Anderson Air Force Base a major station for bomber crews
Australia	Rotational Marines Development. Washington and Canberra are in talks to give U.S forces unfettered access to shared facilities
Japan	Some 50,000 military personnel across several installations, including major bases in Kyushu, Honshu and Okinawa
South Korea	Over a dozen military bases
The Philippines	Despite the closure of military bases in 1991, the U.S maintains a notable force presence covered under the Visiting Forces Agreement
Singapore	A supply chain to keep the U.S. 7th Fleet operational. A recent agreement also provided docking for Littoral Combat ships
Diego Garcia	A major Air Force & Naval support base for regional military operations

During the 2012 Pacific Summit in the Cook Islands, Clinton toned down her rhetoric, especially since she would be in Beijing a few days later. Yet her efforts to suspend the extension of China's 'string of pearls' to the Pacific islands using economic carrots seems paltry in comparison. Beijing has pledged over \$600 million in loans to the South Pacific since 2005.

In comparison Clinton – the first U.S. Secretary of State to attend the annual South Pacific summit – pledged \$32 million in new projects some 18 years after Washington suspended aid programs to the South Pacific.

Hegemony Redux

The pivot strategy encompasses political, economic and military aspects. But with the U.S. economy still reeling, most doubt the wherewithal to sustain or compete with China in terms of both assistance and investment. Hence the military option has been the first, and most demonstrative, foot forward in implementing the pivot. The significance of bases, or places, for U.S. military deployment can not be overstated. As the *U.S. Overseas Basing Commission* reported in 2005, U.S. military bases are, "the skeleton upon which the flesh and muscle of operational capability (can be) moulded".

During the annual Shangri-La Dialogue in June 2012, U.S. Secretary of Defense Leon Panetta spoke of plans to expand, tighten and integrate alliances with

defence treaty partners in the Asia Pacific (Australia, Japan, New Zealand, the Philippines, South Korea and Thailand) with further emphasis "to expand military-to-military relationships well beyond the traditional treaty allies".

Some have concluded this to mean a more concerted approach towards countries in Southeast Asia most of whom already lean towards the 'West' in their foreign policy outlook, namely Brunei, Malaysia, Singapore, Vietnam and to some extent, Indonesia. While Jakarta's foreign policy rhetoric remains staunchly 'non-aligned', the U.S. has increased its military contacts - conducting over 150 military exchanges and visits with the Indonesian Military over the past year.

In South Asia, Washington has a long history of strategic cooperation with New Delhi through counter-terrorism work and a mutual need of balancing China, of which India fought a war with in 1962. This history of cooperation was solidified in 2005 when the U.S. and India signed a strategic alliance agreement. In recent years it intensified further with arms sales and defence cooperation.

"The United States is also investing in a long-term strategic partnership with India to support its ability to serve as a regional economic anchor and provider of security in the broader Indian Ocean region," read the *U.S. Defense Strategic Guidance*. In May 2012 Panetta highlighted India's role in

The U.S. Pacific Command Some 350,000 military personnel (one-fifth of total U.S. forces)	
U.S. Pacific Fleet	Six aircraft carrier strike groups, 180 ships, 1,500 aircraft and 100,000 service members
U.S. Marine Forces Pacific	Two-thirds of Marine Corps combat troops, two Marine Expeditionary Forces and 85,000 personnel
U.S. Pacific Air Forces	40,000 airmen and more than 300 aircraft, with an additional 100 aircraft based in Guam
U.S. Army Pacific	Over 60,000 service members and five Stryker combat vehicle brigades. There are also an estimated 1,200 Special Operations troops assigned to Pacific Command

the overall 'pivot' describing the defence cooperation with India as "a linchpin in U.S. strategy" in Asia.

The geographic scope of the 'pivot' was clearly delineated by Clinton to include the Indian subcontinent. She defined Asia Pacific in a *Foreign Policy* article in November 2011. The geography is stretching "from the Indian subcontinent to the Western shores of the Americas". Similarly the *U.S. Defense Strategic Guidance* document issued in January refers to the area engrossing the pivot as "the arc extending from the Western Pacific and East Asia into the Indian Ocean and South Asia".

According to Panetta, by 2020, "the (U.S.) Navy will re-posture its forces from today's roughly fifty-fifty split between the Atlantic and Pacific to about a sixty-forty split between those oceans". This effectively means that Washington will

deploy a majority of its 11 super-carriers, 61 destroyers, 22 cruisers, 24 frigates, 72 submarines, plus dozens of other vessels to the region - if it has not already. Efforts have been made to assuage concerns over the presence of U.S. Marines stationed in Darwin and Littoral Combat Ships in Singapore. But power projection capabilities speak volumes to the intent of forward deployment. Hence, despite initial statements playing down these developments, it has become obvious that the intent is something more than what is actually stated. During Singapore Defence Minister Ng Eng Hen's visit to the Pentagon in April 2012, it was announced that the number of U.S. warships forward deployed in Singapore would be doubled for operations near the highly strategic Malacca Strait. Washington and Canberra are already in talks over increased rotations of U.S. aircraft through northern Australia, and

examining U.S. naval access to Australia's Indian Ocean port, *HMAS Stirling*.

The Washington-based Center for Strategic and International Studies recently assessed the U.S. force posture strategy in the Asia Pacific region. It noted the value of deploying and forward basing a second carrier from its current homeport on the east coast of the United States to a location in the Western Pacific or Southeast Asia.

"For evaluation purposes, the option proposes consideration of *HMAS Stirling*. Home-porting a carrier group to such a forward location would be a force multiplier... the rough equivalent of having three such assets versus one that is only deployed there", the report recommended.

With defence cuts in the U.S. budget primarily besieging the army, it makes

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The rising strategic importance of the Asia Pacific region requires all countries, but particularly the United States, to reflect in their strategic posture the emergence of China as a global power.”

sense that U.S. bases of the (near) future will no longer be geared towards large-scale stability operations, but instead on small-scale, lightning response operations like those potentially in Australia. Such a line of thinking is an appropriate guise to also highlight the basing of U.S. Marine task forces in Darwin under the rhetoric of assisting potential humanitarian and disaster relief efforts in the region.

Divide without Conquering

For more than a millennia, bases have been a key part of empire building, serving military, political and psychological purposes. Apart from a demonstrable projection of hegemonic power, the strategic value of forward defence bases in security trade routes and resources have been valuable. Often served as a form of conquest without major power conquest, the U.S. could consolidate its expansion by placing bases near ‘weaker’ states to protect from potential adversaries.

Southeast Asia was a chessboard for superpower rivalry during the Cold War. The demise of the Soviet Union brought about hope to the creation of a new international system in which countries of the region would

not become pawns of great power rivalry. Hence, joint efforts of the ten-member Association of Southeast Asia Nations (ASEAN) were to construct a dialogue mechanism to mediate and mitigate hegemonic tendencies of external powers in the region. This included embracing a strong U.S. presence in the region as part of a new regional equilibrium of power to maintain the prevailing world system, with ASEAN centrality as its core and acknowledgement of a larger role for China.

Yet two decades after the Cold War, Southeast Asia finds itself where it first started: a pawn in the strategic chess match, but unlike in the past, the terms will not be dictated by the former Cold War rivals. Ultimately, the chess pieces will have to be set to a point where countries will be forced to make uncomfortable moves, one against the other, creating new *fait accompli* alliances.

The aggressiveness of the pivot creates a crevice - forcing countries to choose on which side of the divide they wish to stand. Politically, this would be through the identification of democratic or autocratic systems; and economically, in the pursuit of

initiatives, such as the Trans-Pacific Partnership; and Militarily through the acceptance of reinforced U.S. bases and military embarkation points. Instead of an international system, Southeast Asia is being forced to revert back to a de facto balance of power system, hegemony *redux*. These views are not exclusive to Asia. Even noted political scientists in U.S. allied countries such as Australia, express concern at the seeming ‘divide-and-conquer’ conditions the pivot has created.

Hugh White, of the Australian National University, says Washington is trying to make Canberra choose by supporting U.S. military primacy in the western Pacific while strategically hedging against China. But Beijing is no innocent bystander. It too has often exacerbated events, primarily because of its belligerent nationalist stance towards territorial claims which are largely founded on history rather than international law.

Despite its burgeoning influence, it is likely that scholars, analysts and decision makers in Beijing’s great halls still query how the United States will wield its power to check or complement China’s emerging strength.

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Ultimately, the chess pieces will have to be set to a point where countries will be forced to make uncomfortable moves, one against the other, creating new fait accompli alliances.”

External incursion weighs heavily on the minds of the Chinese. The desire to secure its own *lebensraum* is a paramount concern of its concentric view of the world to solidify its place as a global hegemon with the United States.

The reinforced U.S. presence in Asia potentially heightens Chinese miscalculation and misjudgement leading to a *faux pas* conflict - especially when estimates suggest that China spends only one-tenth of the annual U.S. defence outlay. This affirms perceptions of Washington's power-maximizing tendencies for offensive realism in Asia.

The most comforting facet of this emerging rivalry is that the economies of Beijing and Washington are so intertwined and so dependent on each other, that their core security interest are unlikely to immediately clash.

Meidyatama Suryodiningrat is the Editor-in-Chief of The Jakarta Post daily newspaper in Indonesia.



ASEAN CENTRALITY

See Seng Tan



Prime Ministers Council Building, Phnom Penh. Meeting place for the 2012 ASEAN Summit.

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It is this combination of intramural differences among ASEAN members, on one hand, and divisive influences from outside powers on the other, which ASEAN must successfully manage for the organisation to keep its position of privilege in Asia Pacific regionalism.”

The Association of Southeast Asian Nations' (ASEAN) failure in July 2012 in Phnom Penh to produce a customary communiqué at the end of its annual gathering of foreign ministers – the first such failure since the organisation's inception in 1967 – elicited the usual speculations among ASEAN watchers over whether the Association can effectively maintain its centrality in Asia Pacific regionalism.

The result of current ASEAN chair Cambodia's refusal to incorporate the Philippine and Vietnamese positions on their disputes with China over the South China Sea, highlights the marked divisiveness among ASEAN members as to how best to deal with an increasingly assertive China. Moreover, that ASEAN could be held hostage by great power influence on specific member countries proved a painful reminder that despite forty-five years of progressive regionalism, relations among Southeast Asian states could still be undermined by extra-regional “interference”.

It is this combination of intramural differences among ASEAN members, on the one hand, and divisive influences from outside powers on the other, which ASEAN must successfully manage for the organisation to keep its position of privilege in Asia Pacific regionalism.

Keeping the “driver's seat”

Centrality, as such, is the assumption that the Association should rightfully be the hub of and driving force behind the evolving regional architecture of the Asia Pacific. As Ernest Bower of the Washington-based Center for Strategic and International Studies has put it, ASEAN “is the glue that binds key actors together, either through direct membership or via regional structures such as the ASEAN+1, ASEAN+3, ASEAN Regional Forum (ARF), ASEAN Defence Ministers Meeting Plus (ADMM+), East Asia Summit (EAS) and Asia Pacific Economic Cooperation (APEC)”. The ASEAN Charter stresses the need to “maintain the centrality and proactive role of ASEAN as the primary driving force in its relations and cooperation with its external partners in a regional architecture that is open, transparent and inclusive”.

Thus understood, the maintenance of centrality is vital if ASEAN is successfully to engage outside powers in ways beneficial to Southeast Asians and with the help of ASEAN-centred modalities. If the Cold War aim of NATO, as its first Secretary-General Lord Ismay famously said, was to “to keep the Russians out, the Americans in and the Germans down”, then it could probably be said



If the Cold War aim of NATO, as its first Secretary-General Lord Ismay famously said, was to ‘to keep the Russians out, the Americans in, and the Germans down’, then it could probably be said that the broad aim of Asia Pacific regionalism, as envisaged and executed by ASEAN, has been to keep the Americans included, the Chinese in check and ASEAN in charge.



that the broad aim of Asia Pacific regionalism, as envisaged and executed by ASEAN, has been to keep the Americans included, the Chinese in check and ASEAN in charge.

But can ASEAN, to borrow Bower’s analogy, continue to glue all regional stakeholders together when the Association itself risks coming unglued?

“The falcon cannot hear the falconer...”

In his authoritative account on the ASEAN Regional Forum (ARF), the late Michael Leifer referred to ASEAN’s *primus inter pares* position in the ARF as a “structural flaw”. This anomaly flew in the face of conventional wisdom on regional order and power where the world’s most powerful nations volitionally deferred to a grouping of developing nations to decide the diplomatic-security agenda of the Asia Pacific. Writing in 1996, a mere two years after the ARF was formed, Leifer identified a number of discontents shared by the Northeast Asian and Pacific participating countries, many of which felt they were being treated unfairly as second-class citizens within the institution by their ASEAN counterparts. And while those non-ASEAN members have elected mostly to endure such denigration (if it could be called that) for the broader

benefit of multilateral engagement with the rest of the region – indeed, enough to consent to joining subsequent ASEAN-led regionalisms, such as the East Asia Summit (EAS) and the ADMM+ – their growing frustrations over the apparent inefficacy of the existing regional architecture and ASEAN’s ostensible ineptitude in the driving seat have grown more urgent and vociferous in recent years. The proposals for alternative regionalisms from Australian Prime Minister Kevin Rudd in 2008 and Japanese Prime Minister Yukio Hatoyama in 2009, which fizzled following their respective champions’ abrupt exits from high office, exemplified an increasing willingness by some to openly question the relevance and supposition of ASEAN centrality.

Indeed, it could be argued that preoccupation with keeping its centrality from eroding has led ASEAN to build regional architecture in a seemingly indiscriminate and ill-conceived manner, even if there were crucial interests at stake. For example, in response to China’s wish to see the ASEAN+3 transform into the EAS as the next logical step towards fulfilling the East Asia Community vision, ASEAN members decided that the EAS would take the form of a separate institution altogether, complete with its own summit meeting. The move arose out of fear, not shared

by all ASEAN states though, that China’s dominance in East Asia would be cemented at ASEAN’s expense, should the Chinese vision be realised. And while expanding EAS membership in 2011 was very much in line with ASEAN’s aim of including the Americans in the region, checking Chinese ambition and ensuring that the Association remains in charge, it has nonetheless left ASEAN officials perplexed over how best to manage the plethora of institutions and reconcile their potentially overlapping aims and agendas.

While ASEAN presumably still enjoys the region’s endorsement, it has become clear that not all today are prepared to entrust the future of regionalism to ASEAN alone. U.S. Secretary of State Hillary Clinton has previously referred to ASEAN as “a fulcrum for the region’s emerging regional architecture [and] indispensable on a host of political, economic, and strategic matters”.¹ But such backing does not come free, and the Americans have made clear that they expect to see real results rather than institutional superfluity. Worse yet for ASEAN, the Chinese, burnt presumably by the EAS experience and angered by certain ASEAN members over the South China Sea claims, have grown increasingly impatient and disillusioned with the Association. More than any time since ASEAN’s ascendance to the apex of



Produced by Multimedia Services, College of Asia & the Pacific, Australian National University

post-cold war Asia Pacific diplomacy, the organisation risks squandering its hard won political capital with outside powers and losing their support altogether.

While the usual rationalisation still applies, ASEAN, for all its problems, remains the default driver acceptable to all because it threatens no-one. One cannot help but feel, with apologies to Yeats, that not only are the falcons in Asia Pacific regionalism increasingly unable to hear the falconers, but that one day they will be completely deaf.

“Things fall apart; the centre cannot hold...”

Endless rhetoric aside, the preservation of ASEAN unity, oddly enough, is not a key priority in the foreign policies of ASEAN states, not all of the time and especially not when their national interests have been directly at odds with those of the Association. Such parochialism at the expense of institutional accord has hitherto not posed serious difficulties for Southeast Asia; in any case, ASEAN members rarely see the Association

as an institution of first resort for meeting their vital interests. Of late, however, Southeast Asian leaders have acknowledged with greater urgency the need for a strong and united ASEAN if their respective economies and societies are to avoid being left behind in an increasingly competitive and complex global *milieu*. Worse still, episodes such as the debacle at the Phnom Penh ministerial meeting mentioned earlier, or the Cambodian-Thai border conflict in 2011, reflect ASEAN members’ tendency to continually shoot their organisation in the feet. They undermine the Association’s ongoing – and, by its own Secretary-General’s admission, difficult and likely to be delayed – transformation into an economic, political-security and socio-cultural community.

A divided and weak ASEAN is inimical to ASEAN centrality. No claim to centrality makes sense if the presumed centrepiece and cornerstone of the regional architecture itself, ASEAN, cannot keep itself together. And without its central position in the regional architecture,

Southeast Asians stand to lose their prerogative to define the content of Asia Pacific regionalism and shape its course in ways that would benefit themselves foremost. But is ASEAN centrality essential to Southeast Asia? Member countries themselves appear divided on the matter, not least where their practical attitudes and actions are concerned. When asked privately, leading ASEAN watchers and practitioners often point, among other things, to the divide between the founding member nations and the newer members that joined the organisation in the 1990s. Granted, the “senior partners” of the Association – the “ASEAN-6” of Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand – have enjoyed a long period of bonding and deep familiarity not (yet) shared by later entrants such as Cambodia, Laos and Myanmar. The ASEAN-6 are clearly not without their differences, but they have learnt over the years to shelve them and circle their wagons in support of a member nation in need, as happened for Thailand following Vietnam’s occupation of Cambodia in the 1980s, or Myanmar since it joined ASEAN in 1997. In that regard, Cambodia’s recent actions – blocking an ASEAN joint declaration, “interfering” in Thailand’s domestic affairs by hosting fugitive former Thai leader Thaksin Shinawatra and even appointing him in an advisory capacity in 2009 – are, as Amitav Acharya has observed, ironic given that Cambodia likely owes its very sovereignty to ASEAN’s role in seeking a negotiated solution to the third Indochina war.

Beyond centrality without centre

Has ASEAN’s pursuit of centrality in Asia Pacific regionalism become an end in itself, or has that been the Association’s game plan all along? Perhaps it is time for ASEAN to grant other regional stakeholders greater stakes in regionalism. In the case of the ARF, an institution at risk of becoming moribund, more meaningful inclusivity could be

achieved by including non-ASEAN members in the rotating chairmanship of the Forum. (The ARF's Track Two shadow network, the Council for Security Cooperation in the Asia-Pacific or CSCAP, offers a useful leadership model which the ARF could consider emulating). So long as the ASEAN Secretariat continues to service the Forum, ASEAN centrality would in a sense be maintained.

Secondly, centrality should go beyond just the provision of a regional architecture or the mere facilitation of "meeting places".² ASEAN should seek to be more than just a glorified convenor and event organiser in Asia Pacific regionalism. While there is no doubt that the Association contributed significantly to post-cold war Asia Pacific security by furnishing regional intergovernmental platforms through which great and regional powers could engage one another, others have also been offering their popular wares, such as the Shangri-La Dialogue, a nonofficial annual defence forum hosted by the London-based International Institute for Strategic Studies (and viewed by some, fairly or otherwise, as a direct competitor to the ADMM+). Appropriately, ASEAN needs to go beyond being just an institutional facilitator to becoming a proactive intellectual facilitator (that is, a progenitor of good actionable policy ideas). Certainly, ASEAN has never been short on ideas, visions and conceptual roadmaps. But the collective will and the responsibility to implement such are clearly things that the Association could do with more. ASEAN must judiciously exploit its centrality to effect change to Asia Pacific regionalism where needed, and consolidating the elements that benefit the region. According to one analyst, "ASEAN has the strategic position to drive this change, but it will take new levels of political courage and coordination, institutionalised regional structures, and unprecedented levels of proactive diplomacy. ASEAN's responsibility is clear".³



Centrality should go beyond just the provision of a regional architecture or the mere facilitation of "meeting places". ASEAN should seek to be more than just a glorified convenor and event organiser in Asia-Pacific regionalism.



To accomplish all this, ASEAN cohesion and unity is paramount, but that, as we have seen, is easier said than done. To be sure, the Association has survived countless intramural troubles in the past and its current woes are no exception. That said, the proverbial spanner thrown in the works could well be Indonesia, whose global aspirations (Indonesia is a member of the G20, the only Southeast Asian nation to be so honoured) are, for the moment, held back only by its material limitations. And while Jakarta has played an inimitable role in ASEAN leadership, its patience with obdurate fellow members could well be wearing thin. "If other ASEAN countries do not share Indonesia's passion for and commitment to ASEAN, then it is indeed time for us to start another round of debate on the merits of a post-ASEAN foreign policy", as Rizal Sukma, executive director of the Centre for Strategic and International Studies in Jakarta, has acerbically noted. "We have many other important foreign policy agendas to attend to other than just whining and agonising over ASEAN's failures".⁴

A view such as Sukma's runs the risk of inviting others to follow suit. But as we have seen, the real challenge to the reconstitution of ASEAN unity is less in

preventing a collective rush by member nations towards their own "post-ASEAN" orientations than in encouraging their greater practical commitment to and investment in ASEAN. Only a strong and united ASEAN could ensure a relevant centrality in regionalism, which other stakeholders would willingly support.

See Seng Tan is Deputy Director of the Institute of Defence and Strategic Studies and Head of the Centre for Multilateralism Studies at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University. From July to September 2012, he was a Centre of Excellence in Policing and Security Fellow at the Australian National University.

¹Anthony Milner, 'We Cannot Be Just Deputy Sheriff in the 'Asian Century': Think Again About ASEAN', The Asialink Essays 2012, Vol. 4, No. 2 (July 2012), p. 3.

²Evelyn Goh and Amitav Acharya, 'The ASEAN Regional Forum and U.S.-China Relations: Comparing Chinese and American Positions', in Fifth China-ASEAN Research Institutes Roundtable, 'Regionalism and Community Building in East Asia', (Hong Kong: University of Hong Kong, 2002).

³Rizal Sukma, 'Insight: Without Unity, No Centrality', The Jakarta Post (17 July 2012).

⁴Ibid

EAST ASIAN ARMS ACQUISITIONS: ACTIVITIES 2011 AND 2012

Richard A. Bitzinger

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For nearly the past decade, China, South Korea and Taiwan have all been among the world's top ten arms importers.”



A Republic of Korea amphibious assault vehicle enters the surf from a U.S. Navy landing craft utility during an Exercise Foal Eagle combined amphibious landing in Manripo, Republic of Korea, on March 30, 2006. Foal Eagle is a joint exercise between the Republic of Korea and the U.S. Armed Forces designed to enhance war-fighting skills. DoD photo by Petty Officer 3rd Class Adam R. Cole, U.S. Navy.

East Asia is one of the world's largest arms markets. These arms acquisitions are driven by geopolitical factors – the North Korean nuclear threat; growing Chinese and South Korean ambitions to be major players on the regional, if not global, stage; Japan's traditional role as the United States' key ally in Northeast Asia – and enabled by rising defence budgets and growing high-tech sectors. Collectively, China, Japan, South Korea and Taiwan spent nearly US\$200 billion on their militaries – nearly as much as the entire European Union.

Not surprisingly, this part of the world is a critical market for the leading arms exporting nations. According to the most recent data put out by the U.S. Congressional Research Service (CRS), during the period 2008-2011, the Asia Pacific in general accounted for nearly 30 per cent, or US\$60.3 billion worth, of all arms transfer agreements – second only to the Middle East arms market. In terms of arms deliveries, Asia accounted for 42 per cent of the market during this same period, or US\$40.2 billion worth.¹ For nearly the past decade, China, South Korea and Taiwan have all been among the world's top ten arms importers.

Given the size and strength of the overall Asia Pacific arms market, it is not surprising that this region has become a “must-have” niche for many of the world's major arms exporters. According to CRS, slightly more than half of all Russian arms exports during the period 2008-2011 – approximately US\$13.2 billion worth – went to this region. During the same period, 41 per cent of all French arms exports to the developing world, as well as 74 percent of all German and 33 per cent of all British – went to Asia. Between 2008 and 2011, the United States delivered US\$9.5 billion worth of arms to the region, accounting for 28 per cent of all U.S. arms exports during this period – only the Middle East was a larger arms market for the United States.²

More than much of the rest of the arms-buying world – many East Asian nations are becoming increasingly self-sufficient in crucial areas of military acquisition. These countries may be large arms importers, but they are also sizable arms producers and in some cases even arms exporters. At the same time, most of these countries are still depend on foreign suppliers for sophisticated weapons platforms (such as fighter aircraft and missile systems), complex subsystems

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(such as jet engines or airborne radar), and surveillance/reconnaissance systems (such as airborne early-warning aircraft).

China, not surprisingly, is East Asia's largest arms buyer. With military expenditures surpassing US\$106 billion in 2012 (more than twice that of Japan), it has deep pockets to pay for modernising the People's Liberation Army (PLA). Its equipment budget is estimated at around US\$35 billion, including up to US\$7 billion for weapons development. China used to be a major importer of Russian weaponry – such as Sovremenny-class destroyers, Kilo-class submarines, S-300 surface-to-air missiles, and Su-27/-30 fighter jets – but in recent years, these buys have slowed to a trickle. The PLA still has some outstanding orders for Il-76 transport planes and Il-78 tanker aircraft, but its largest purchases of Russian military equipment as of late has been AL-31 turbofan engines to power locally built J-10, and J-11 fighter aircraft. Additionally China is importing Ukrainian-made AI-222 engines for the new Chinese L-15 trainer jet.

Beijing is instead increasingly outfitting the PLA with advanced weapons systems entirely developed and manufactured by its indigenous defence industry. After decades of producing shoddy, inferior weapons, the Chinese arms industry is

starting to produce globally competitive fighter aircraft (the J-10), submarines (the Yuan-class), surface combatants (the Type-052C destroyer), and missile systems (DF-11 short-range ballistic missile, PL-12 air-to-air missile and the HQ-9 surface-to-air missile). China also recently commissioned its first aircraft carrier (the Soviet ex-Varyag) and, based on some news reports, may soon begin construction of at least one indigenous carrier.

Japan also possesses a very advanced indigenous arms industry, and it is self-sufficient in a number of areas. Japan produces its own main battle tanks (for example, the new Type-10 tank, which is just entering service) and infantry fighting vehicles (IFV). It is constructing a new class of submarines (the Soryu), which is equipped with air-independent propulsion for extended submerged patrolling. In 2012, construction began on a new “open-deck,” 19,500-ton “helicopter destroyer,” which closely resembles a small aircraft carrier; at least two in this class are likely to be built. Japan is also currently engaged in co-developing the anti-ballistic Standard SM-3 Block IIA missile with the United States.

Nevertheless, the local arms industry has suffered due to stagnant research and development and procurement spending. In particular, Japan's aerospace industry



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All of this is translating into regional militaries that are increasingly more capable when it comes to precision-strike, firepower, mobility, long-range naval and air attack, stealth, and expeditionary warfare.

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appears to be at a standstill. With no indigenous program other than the embryonic ADT-X technology demonstrator - which exists only on paper - Tokyo in late 2011 announced its acquisition of 42 F-35 Joint Strike Fighters (JSF), Japan's first purchase of fifth-generation combat aircraft. The JSF buy constitutes a major step backwards for Japan's aerospace industry, as it means deferring, or even abandoning, the idea of a homegrown fighter jet to follow onto the F-2. That said, one bright spot is the continuing development of the indigenous C-2 transport plane and the P-1 maritime patrol aircraft.

South Korea has sunk considerable resources over the past forty years or so into establishing a homegrown defence industry. Current programs include the K-2 tank, the K-21 IFV, the T-50 jet trainer/fighter and the KDX-III destroyer. Nevertheless, Korea remains a major arms importer, particularly since it lacks the ability to produce certain critical subsystems – particularly jet engines, radar, and air-to-air and air-to-ground missile systems – that go into many indigenous weapons platforms. In addition, Seoul will likely soon order an additional 40 to 60 foreign combat aircraft, under the third phase of its F-X fighter procurement program (to complement 61 F-15K fighters which have already been purchased).

Taiwan is mainly self-reliant in missile systems (such as the Tien Chien II air-to-air missile, or the Hsiung Feng IIE land-attack cruise missile), but continues to import most of its major weapons systems, almost entirely from the United States. Taipei has for years appealed to Washington for 66 new F-16C/D fighters, but in 2011 the Obama administration rejected this request, offering instead to upgrade 145 existing F-16A/Bs in the ROC Air Force.

Most East Asian nations, driven by new military requirements, are likely to continue recent trends of sizable arms acquisitions over the next decade or so. With regard to power projection at sea or expanding sea denial capabilities, most regional navies are acquiring additional (and more sophisticated) submarines (Japan, for example, plans to boost its submarine fleet from 18 boats to 24), large surface combatants and amphibious assault ships – even, in the case of China, a full-fledged aircraft carrier. Additionally, most regional militaries are buying fourth generation-plus or even fifth-generation fighter jets, equipping them with advanced air-to-air and air-to-ground weaponry. While air and naval forces appear to be the beneficiary of most of this largesse, even ground forces are enjoying new equipment purchases. All of this is translating into regional militaries that are increasingly more capable when

it comes to precision-strike, firepower, mobility, long-range naval and air attack, stealth and expeditionary warfare.

At the same time, East Asian nations are increasingly turning to their indigenous defence industries to meet these expanding requirements. In many of these countries, local arms industries are supplanting – or at least complementing – arms imports as key sources of advanced weapons systems. To be sure, most countries in this region remain dependent on foreign suppliers when it comes to certain critical technologies, such as propulsion systems or electronics. Overall, however, it is safe to say that while foreign arms sales to the region may be tapering off, overall arms acquisitions are not.

Richard A. Bitzinger is Senior Fellow with the Military Transformations Program at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University. Formerly with the RAND Corporation and the Center for Strategic and Budgetary Assessments, he has been writing on aerospace and defence issues for more than 20 years.

¹Richard Grimmett and Paul Kerr, 'Conventional Arms Transfers to Developing Nations', 2004-2011, (Washington: Congressional Research Service Report for Congress, 2012), pp. 38-39 and pp. 52-53.

²Ibid



A naval marine commando (MARCO) embarked on INS Sahyadri. Naval vessels on anti-piracy patrols around the Gulf of Aden carry a complement of MARCOs for dealing with pirates. Image: Ministry of Defence, India

THAILAND AND ITS NEIGHBOURS

Thitinan Pongsudhirak

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The next potential flashpoint is the International Court of Justice's clarification of its 1962 ruling (which awarded the temple but not the adjoining land to Cambodia) - a case Cambodia submitted during Abhisit's tenure. If the contested area is adjudicated in Cambodia's favour, anti-Thaksin columns are likely to march again.”



The Palace of Gold, Government House, Bangkok

One year after taking office on an overwhelming electoral mandate, Prime Minister Yingluck Shinawatra has parlayed her solidifying domestic standing for growing international credibility.

While her government's foreign policy directions are still inchoate and tentative, Yingluck's priority focus on building up neighbouring relationships is clear. Alongside Myanmar's political transition and economic reforms, Thailand's new focus on strengthening relationships with its immediate neighbours reflects the growing strategic importance of Southeast Asia to the relationship between major regional and global powers, including India and China.

Any successes in Yingluck's first several months in office were largely written off as the floods crisis consumed the country's attention. Once Thailand's worst deluge in recent decades subsided by January 2012, the Yingluck government began to implement its raft of campaign pledges in earnest. These initiatives were mainly focused on domestic issues, particularly improving the daily minimum wage, establishing guarantees on the price of rice and providing rebates for first-time purchases of homes and cars. While perennial critics of Yingluck's brother, Thaksin Shinawatra, have cast these and other 'populist' policies as fiscal profligacy,

supporters who voted for Yingluck and Thaksin's Pheu Thai Party to a majority victory on 3 July 2011 continued to support the Prime Minister. Largely absent from the cut-and-thrust of Thai politics, Yingluck's first year in office has seen the government focus on foreign relations.

As her domestic agenda went into motion, Yingluck went abroad more often. Her role in foreign affairs became more prominent. The multifaceted and multilayered diplomacy of Yingluck's foreign policy team set out to restore key relationships with Thailand's immediate neighbours, particularly Cambodia and Burma/Myanmar. Yingluck visited both countries early in her administration - Phnom Penh in September 2011 and Yangon the following December. She has revisited both countries since.

To be sure, Cambodia was Thailand's most pressing foreign policy priority. The Preah Vihear temple controversy erupted in 2008 under the administration of Samak Sundaravej, Yingluck's predecessor and Thaksin's then proxy. Thai-Cambodian relations reached a nadir in 2009-11 under the Democrat Party-led government of Abhisit Vejjajiva. The anti-Thaksin yellow shirts and Abhisit's fiery foreign minister, Kasit Piromya, had been instrumental in the attack against Samak's government for allowing

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Yingluck's priority focus on building up neighbouring relationships is clear.

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Cambodia's listing of Preah Vihear as a UNESCO World Heritage Site. Prime Minister Hun Sen of Cambodia also contributed to the bilateral controversy and complications by taking Thaksin's side. In 2011 - prior to the election - both sides engaged in military skirmishes in the contested 4.6 square kilometres land area where Preah Vihear temple is located, resulting in more than two dozen lives lost, scores of injured and thousands of displaced persons.

Under Yingluck's helm, the amity between Thaksin and Hun Sen, the Thai-Cambodian front has regained calm and stability. There are no more political tensions and the presence of the military on both sides has scaled down dramatically. The next potential flashpoint is the International Court of Justice's clarification of its 1962 ruling (which awarded the temple but not the adjoining land to Cambodia) - a case Cambodia submitted during Abhisit's tenure. If the contested area is adjudicated in Cambodia's favour, anti-Thaksin columns are likely to march again. Yet, Thailand's ties with Cambodia appear cordial as long as the Thaksin camp is ensconced in power.

On the other hand, Thailand's western front brings a new perspective. The Democrat-led government did not preside over bilateral turmoil and mayhem but went along with Burma/Myanmar's opening and reforms following the November 2010 elections. Yingluck's government has broadened this bilateral partnership. This is because Burma/



Thai soldiers rest outside the venues of the 14th ASEAN Summit and Related Summits on 11 April 2009 in Pattaya, Chonburi. Protestors successfully cancelled the three day regional summit, highlighting their campaign against the Thai government

Myanmar will be vital in Thailand's foreseeable economic development. Relations with Burma/Myanmar are remarkably non-partisan in deeply politicised Thailand. The reasons for Thailand's dependence on Burma/Myanmar range from cheap migrant labour and natural gas imports, to stopping the drug trade. Yingluck has continued and solidified the multibillion-dollar development of the Dawei deep sea port megaproject. The Thai government has effectively assumed a lead role in promoting project financing and development. Burma/Myanmar increasingly provides an assortment of opportunities for future Thai economic development. Irrespective of Thailand's colour-coded political divide, the winning party will be unlikely to put the country's most vital bilateral relationship at risk.

Although to a lesser extent, Laos and Malaysia are other crucial partners in Thailand's foreign policy ambitions. Laos exports a substantial amount of hydropower to Thailand and is in the process of building the controversial Xayaburi Dam, which is opposed by a myriad of rights and environmental activist groups. In spite of being engrossed in their own growing political tensions, Kuala Lumpur and Bangkok have maintained stable relations. Thailand ultimately needs Malaysian assistance in the settlement of the Malay-

Muslim insurgency in its southernmost border provinces.

Mainland Southeast Asia - a sub-region of 300 million people including southern China and Vietnam - has thus entered an unprecedented period of promise and expectation. Such expectations largely revolve around Myanmar's budding transformation under the leadership of President Thein Sein, opposition leader Aung San Suu Kyi and Thailand restoring positive regional ties under Yingluck. The ongoing infrastructure development in the mainland is increasingly connecting land routes in all directions, east-west and north-south. Borders erected during colonial times are becoming less problematic as the movement and flows of people, trade, investment and overall development criss-cross the scene. It is a sub-region with the potential to become an arena where great powers rival for influence - China as the resident superpower, the preponderance of U.S. staying power, Japan as a heavy investor and India as a civilisational cradle.

Thitinan Pongsudhirak is Associate Professor of International Political Economy and Director of the Institute of Security and International Studies at Chulalongkorn University.

INCREASED TENSION AND RISK OF POTENTIAL CONFLICT IN THE SOUTH CHINA SEA

Robert Beckman

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A military and diplomatic standoff between the Philippines and China over Scarborough Shoal raised fears that an incident could get out of hand and result in the use of armed conflict.”



A U.S. Navy CH-53E Sea Stallion helicopter, assigned to the Air Combat Element of the U.S. Marine Corps 31st Marine Expeditionary Unit, lands on the flight deck of the forward deployed amphibious assault ship USS Essex (LHD 2) in the South China Sea, 13 April 2009.

Events in 2012 in the South China Sea have been worrying. While the planned use of force from implicated states is highly unlikely, there is a significant risk that increased assertiveness over territorial claims could result in flashpoints with regional consequences. Five trends categorise developments in the South China Sea.

Trend 1

Unilateral actions concerning sovereignty disputes over the Paracel and Spratley Islands were met with protests¹ and tit-for-tat exchanges. In particular, announcements were made to develop tourism facilities on disputed islands. Furthermore, China is seeking to establish new legislation to formally declare sovereignty over the islands to change the islands' administration from city level to prefectural. These actions are arguably inconsistent with the 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea (DoC). Owing to this agreement, parties agreed to exercise self-restraint in the conduct of activities that would complicate or escalate disputes.

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Disputes and tensions in the South China Sea present a serious challenge to ASEAN's unity in regional affairs. Sending shock waves through the region, for the first time in 45 years, ASEAN failed to issue a joint communiqué at the conclusion of its Ministerial Meeting in Phnom Penh.”

Trend 2

A military and diplomatic standoff between the Philippines and China over Scarborough Shoal raised fears that an incident could get out of hand and result in the use of armed force. The standoff followed an attempt by the Philippines to arrest Chinese fishing vessels inside the disputed lagoon. This incident was a direct challenge to China's territorial sovereignty claim and elicited a very strong response from China and seriously strained diplomatic relations. The net result seems to be that China has taken “effective control” over the disputed shoal.

Trend 3

There is genuine fear that the South China Sea has become a stage for power struggle between China and the United States. The United States maintains its announced tilt to Asia. Washington has officially expressed concern about developments in the South China Sea and enhanced military and diplomatic relationships with concerned Southeast Asian states. China rejects America's actions. Beijing maintains that Washington is interfering in regional affairs in a manner designed to surround China and contain its regional influence. Furthermore, Beijing believes it is a false premise that freedom of navigation in the South China Sea is under threat.

Trend 4

Disputes and tensions in the South China Sea present a serious challenge to ASEAN's unity in regional affairs. Sending shock waves through the region for the first time in 45 years, ASEAN failed to issue a joint communiqué at the conclusion of its Ministerial Meeting in Phnom Penh. Intensive shuttle diplomacy by Indonesian Foreign Minister Marty Natalegawa salvaged the situation. Questions remain as to whether ASEAN can present a united position on the South China Sea. Furthermore, it is uncertain if ASEAN can meet its twin objectives of implementing the DoC and reaching agreement with China on a legally binding Code of Conduct (CoC) for the South China Sea. While a CoC is not likely to address the underlying territorial sovereignty disputes, it is hoped the organisation will continue to develop mechanisms for managing future potential conflicts.



SOUTH CHINA SEA DISPUTES: KEY EVENTS IN 2012

13-15 January:

Senior officials from ASEAN and China agree to establish expert committees for cooperative activities in four areas under the 2002 ASEAN-China Declaration on the Conduct (DoC) of Parties

17 January:

China announces a ban for fishing in the South China Sea

8 February:

Forum Energy Plc announces two wells to be drilled in 2012 at Reed Bank under license from the Philippines

22 February:

Vietnam alleges a fishing craft was shot, attacked and damaged near the Paracel Islands and demands compensation

9 March:

Hainan Tourism Development Commission announces an expansion of tourist activities in the Paracel Islands

11-14 March:

Vietnam and the Philippines agree to conduct joint maritime patrols in waters where the two countries have overlapping claims

12 March:

Part of China's 12th five-year plan, Beijing announces intentions to build an archaeological centre and working station on the Paracel archipelago

12 March:

Provincial authorities in Vietnam announce they were sending six Buddhist monks to repair temples on Spratly Islands occupied by Vietnam

15 March:

Vietnam's Foreign Ministry accuses China of violating its sovereignty by permitting the China National Offshore Oil Corporation (CNOOC) to open bidding for nineteen oil exploration blocks near the Paracel Islands

21 March:

The Philippines reports it would upgrade facilities on Pagasa Island

28 March:

The Australian Government announces U.S. military surveillance drones may be based on the strategically important Cocos Islands

10 April:

The Philippines Navy dispatches a frigate to the Scarborough Shoal to investigate the presence of eight Chinese fishing boats. China sends two surveillance ships, placing them between the Philippines frigate and the fishing vessels, preventing the navy from making arrests, beginning a 6-month stand-off

16-27 April:

The Philippines conducts two-week naval exercise with the U.S. Navy

23 April:

Vietnam begins a weeklong naval exchange with the U.S. Navy

15 June:

Two Vietnamese air force Su-27 jet fighters conduct a two-hour patrol over the Spratly Islands

21 June:

Vietnam's National Assembly adopts the Law of the Sea of Viet Nam (Luat Bien Viet Nam), declaring Vietnam's sovereignty over the Paracel and Spratly Islands

21 June:

Reports reveal China's new \$1 billion deep-water rig appears intended to explore disputed areas of the South China Sea

22 June:

China's State Council issues a statement raising the administrative status of Sansha City in the Paracels from county-level to prefecture level with jurisdiction over the Paracel and Spratly Islands, Macclesfield Bank and surrounding waters

23 June:

CNOOC issues an invitation for foreign companies to bid for nine offshore open blocks off Vietnam's coast for exploration and development

26 June-1 July:

China deploys a flotilla of four China Marine Surveillance ships from Sanya (Hainan island) to the Spratly Islands

28 June:

China's Ministry of Defence confirms combat-ready patrols in disputed waters in the South China Sea are underway

9 July:

ASEAN Foreign Ministers meet in Phnom Penh and agree on the key elements for the Code of Conduct

13 July:

At the ASEAN Ministerial Meeting in Phnom Penh, for the first time in its 45-year history, ASEAN fails to issue a joint communiqué

14 July:

The U.S., Japan and Australia hold a joint exercise off Brunei

16 July:

Chinese fishing boats arrive at the Spratly Islands

19 July:

China's Central Military Commission officially confirms plans to establish a military garrison in Sansha City

20 July:

Release of ASEAN Six-Point Principles on South China Sea following intense shuttle diplomacy by Indonesian Foreign Minister Marty Natalegawa

21 July:

China begins building infrastructure, marine stations, supply bases, light and radio stations for Sansha city

2 August:

More than 14,000 fishing boats registered in China's Guangdong province and 9,000 other fishing boats set sail for the South China Sea

3 August:

U.S. State Department issues a press statement on South China Sea

28 August:

CNOOC issues an invitation to foreign companies to bid for 26 blocks near the Paracel Islands

5-8 September:

U.S. Secretary of State Hillary Clinton makes an official visit to China and Southeast Asia



China's official statements are intentionally ambiguous. The practice of its government agencies and national oil company in 2012 suggests Beijing believes "historical rights and jurisdiction" to resources inside the 9-dashed line are warranted. This is the only basis upon which China's national oil company, China National Offshore Oil Corporation (CNOOC), could assert the right to issue oil blocks off the coast of Vietnam.



Trend 5

Legal disputes over natural resources between China and ASEAN claimants indicate the growing strategic importance of the South China Sea. In accordance with the 1982 Law of the Sea Convention (UNCLOS), ASEAN states have the authority to claim resources within their 200-nautical mile Exclusive Economic Zone. The central issue is the nature of China's claim to resources inside its infamous 9-dashed line map. The Philippines and Vietnam do not recognize China's "historic rights" to resources within the 9-dashed line. They assert China can only claim rights and jurisdiction to resources through claiming maritime zones from the disputed islands.

China's official statements are intentionally ambiguous. The practice of its government agencies and national oil company in 2012 suggests Beijing believes "historical rights and jurisdiction" to resources inside the 9-dashed line are warranted. This is the only basis upon which China's national oil company, China National Offshore Oil Corporation (CNOOC), could assert the right to issue oil blocks off the coast of Vietnam.

If China intends to assert rights and jurisdiction to natural resources in waters within the 9-dashed line, it is likely to meet disputation with the ASEAN claimants. UNCLOS and international law are key instruments for defending China's claims. But there are wider implications for China and the region. The South China Sea disputes raise the issue of whether, in pursuing its national interests, a rising power is willing to adhere to the rules and principles of international law.

Robert Beckman is the Director of the Centre for International Law, a university-level centre at the National University of Singapore (NUS), established in 2009. He is also an Associate Professor at the NUS Faculty of Law and an Adjunct Senior Fellow at the S. Rajaratnam School of International Studies at Nanyang Technological University.

¹ In contest between Brunei, China, Malaysia, the Philippines and Taiwan

Ajai Shukla

“
India is fast
emerging as
the Indian
Ocean’s regional
policeman.”



Recent months have been busy for India's Navy. On the 13th of June, four Indian warships sailed into Shanghai on a four-day port visit. The vessels had also participated in the Japan-India Maritime Exercise 2012, an inaugural bilateral maritime exercise, and were now patrolling the South China Sea.

That same day, another Indian warship, INS Savitri, docked in the Seychelles to begin a two-month patrol. Near the Gulf of Aden, an Indian guided missile frigate, INS Tabar, was engaged in convoy escort and anti-piracy patrols, coordinating with Japanese and Chinese warships under a joint mechanism called Shared Awareness and De-confliction (SHADE). Simultaneously, India's Mumbai-based Western Fleet was sending a four-warship patrol to East Africa, the Red Sea and the Western Mediterranean.

As this schedule suggests, India is fast emerging as the Indian Ocean's regional policeman. India's Defence Minister said to his admirals last May, "India's strategic location in the Indian Ocean and the professional capability of our navy bestows upon us a natural ability to play a leading role in ensuring peace and stability in the Indian Ocean region".

Even as an increasingly muscular Indian Navy raises its profile in the Indian Ocean, it keeps a studied distance from any confrontation in the Western Pacific, with Indian policymakers openly declaring their unwillingness to be drawn into the emerging U.S. - China rivalry in the Western Pacific, South China Sea and the Yellow Sea. While President Barack Obama's "rebalance to the Asia Pacific region" singled out India as a key U.S. partner in Asia, India's strategic calculus remains centred on the patch of water that it regards as its bailiwick: the northern Indian Ocean.

Restricting itself to the Indian Ocean might seem like strategic under-reach for South Asia's most powerful country, but even this is relatively new for India. For decades, India's leaders have remained continental in outlook, fixing their gaze on the disputed land borders in the north despite having experienced colonization from the sea. Only in the new century has relative weakness in the north, where a resurgent China looms large over the Himalayan frontiers, imposed a new maritime awareness on New Delhi policymakers, forcing them to redress what has been described as a "national psyche of sea blindness" by looking towards the oceanic south where India holds better cards than



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China. There, India's Deccan Plateau thrusts a thousand miles into the Indian Ocean, imposing itself on the International Shipping Lanes (ISLs) used to carry massive volumes of goods to and from East Asia.

India's advantages are enhanced by the Lakshdweep and Andaman and Nicobar island chains, which straddle the ISLs. Port Blair, the capital of the Andaman and Nicobar Islands, is now home to a full-fledged tri-service command with a fighter base and a growing complement of naval, air and ground assets. In July, India opened a naval air base, INS Baaz, at the very mouth of the Malacca Strait. This will eventually have a 10,000-foot-long runway for fighter operations, providing for air-superiority over the Malacca Strait.

For New Delhi, the Indian Ocean is not traditionally regarded as a potential naval battlefield on which vital national issues would be decided. Instead, it is seen as an economic lifeline to be safeguarded, and as a key vulnerability of potential enemies - notably China - whose access could be choked off through a blockade if hostilities elsewhere were playing out adversely. This is not to suggest that Indian defence planners envisage playing a role as a natural partner of America in a super-power confrontation in the

Indo-Pacific. They do not. But it does reflect enduring concerns about China's assertiveness over the island territories that it claims in the waters off its coast.

Diplomatically, this has manifested itself in strong support for the emerging Asian security architecture, including the ASEAN Regional Forum (ARF) and the ASEAN Defence Ministers' Meeting - Plus (ADMM+); and consultative mechanisms like the IOR-ARC (Indian Ocean Rim - Association for Regional Cooperation); and IONS (Indian Ocean Naval Symposium), an Indian-sponsored forum that convenes biennially, bringing together 35 naval chiefs from around the Indian Ocean rim. From New Delhi's perspective the East Asia Summit (EAS) and the ADMM+ - despite their non-assertiveness - are important forums where China can be periodically held to account.

On 3rd April 1989, the cover of *Time* magazine featured the Indian-built frigate, INS Godavari, with a cover story entitled, “Superpower India”. This was the end of the 1970s and 1980s, a golden era for the Indian Navy, when the Soviet Union provided it with a stream of missile boats, frigates and destroyers, all at “friendship prices”. With New Delhi offering little clarity about the nature and purpose of

India's naval build-up, alarm bells were sounding from Indonesia to Australia. But India's economic crisis of 1991 - and the resulting cuts in defence spending - led to what the navy still calls “the lost decade”. No warships were ordered during this period, leading to a shortfall that will take decades to make up.

Today, even with an all-time high share of 18 per cent of India's \$36 billion defence budget, the Indian Navy is struggling to reach its planned force level of 160 vessels, including 90 capital warships. These include the escorts and logistic backup for two aircraft carrier battle groups that New Delhi planners want “fully operational and combat worthy” at all times. Three aircraft carriers are on the anvil: the much-delayed, 44,000 tonne INS Vikramaditya (formerly the Russian Admiral Gorshkov) - due to join the fleet next year, but has encountered serious engine problems during ongoing pre-delivery sea trials in the Barents Sea; the 40,000 tonne INS Vikrant - India's first indigenously designed and built aircraft carrier that was to enter service in 2015 but is running three years behind schedule; and another 65,000 tonne vessel that will follow the Vikrant.

Like India's aircraft carriers, its smaller warships are also running late. A report



INS Teg, one of six Talwar-class frigates India has ordered from a Russian shipyard. Image: Ministry of Defence, India

from the national auditor - Comptroller and Auditor General (CAG) - reveals that the Indian Navy today has just 61, 44 and 20 per cent respectively of the frigates, destroyers and corvettes that it had projected as its minimum requirement.

India's newest warship, INS Sahyadri, a limited-stealth - 5,600-tonne, guided missile frigate of the Shivalik-class that was commissioned in July - takes the overall tally of vessels to 134, twenty-six short of its projected requirement. Alarmingly, for naval planners who hope to boost these numbers, the CAG report notes: "the five vessels that will be inducted each year will barely suffice to replace warships that are decommissioned after completing their 30-40 year service lives".

Not everyone subscribes to the warnings that the Indian Navy's fleet is dangerously short of warships. Analysts, especially air power votaries, point to the significantly greater firepower that a new generation of indigenously built warships carry, arguing that this more than compensates for any shortfall in

numbers. Measured tonne for tonne, Indian-built warships are amongst the most heavily armed vessels afloat. The seven 6,800-tonne destroyers being built, the first of which could be commissioned next year, will each carry sixteen Brahmos-2 surface-to-surface supersonic cruise missiles; the new (still unnamed) Long Range Surface-to-Air Missile (LR-SAM), an anti-missile system in joint development with Israel; a 130-millimetre super-rapid gun mount; four AK-630 rapid fire guns for close air defence; and a full suite of anti-submarine warfare (ASW) equipment, including the latest, India-developed HUMSA-NG bow mounted sonar. Each destroyer will embark two helicopters, kitted out for ASW missions.

Either way, India's growing ability to design and build warships is likely to drive its emergence as a credible maritime force. Of 18 major warships that joined the fleet over the last two decades, 12 were designed and built in three Ministry of Defence (MoD)-owned shipyards in India: Mazagon Dock Ltd, Mumbai (MDL); Garden

Reach Shipbuilders & Engineers, Kolkata (GRSE); and Goa Shipyard Ltd (GSL). Last year the MoD bought a fourth shipyard, Hindustan Shipyard Limited (HSL), which could be central to India's submarine building programme.

These shipyards, however, do not have the capacity to build warships at the rate that the navy requires. No defence shipyard has a slipway or dry dock large enough for an aircraft carrier, nor the modular shipbuilding facilities needed for such a vessel. To overcome this, MDL and GRSE have partnered private shipbuilders, which have recently put up excellent shipyards but lack experience in building larger warships.

In July, MDL announced a joint venture company for building surface warships with Pipavav Defence & Offshore Engineering Company, which has a world-class shipyard near Bhavnagar, on the Arabian Sea. Another joint venture agreement for building submarines was announced with Larsen & Toubro, which has played a central role in building India's first nuclear ballistic missile

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submarine and will soon inaugurate a new shipyard near Chennai. GRSE is also implementing its own commercial linkages.

MDL and GRSE are also completing major modernisation programmes, installing the modular workshops, slipways and Goliath cranes that support modular shipbuilding. This is expected to cut down the build time of a frigate from the current 96 months to just 60 months, and the build time of a destroyer from the current 120 months to 72 months.

The mobilisation of Indian warship building yards is long overdue, given the volume of navy orders. Already, 46 naval vessels are under construction: three in Russia (two Project 11356 or Teg-class frigates, and the aircraft carrier, INS Vikramaditya) and 43 in India. These include three 6,800-tonne destroyers being built by MDL under Project 15A (INS Kolkata, Kochi and Chennai); four similar destroyers under Project 15B; and six Scorpene submarines. Meanwhile GRSE is building four anti-submarine warfare corvettes and eight upgraded landing craft for deployment in the Andaman Islands. GSL is also building four offshore patrol vessels (OPVs); while private shipyards are constructing five

more OPVs, two cadet training ships and six new catamaran-hulled survey vessels.

Besides these, the MoD has sanctioned another 49 vessels for the navy, including seven guided missile frigates, six AIP-equipped submarines, four fast attack craft (FAC) and eight mine hunter vessels. A private shipyard will build another cadet training ship, and shipbuilders are being identified for four Landing Platform Docks (LPDs) and 16 shallow water anti-submarine warfare (ASW) ships. The navy is evaluating options for a Deep Submergence and Rescue vessel (DSRV). Contracting will begin in the coming months for one survey training vessel and two diving support vessels.

If lack of numbers in the surface fleet is worrisome, the shortfall in the submarine fleet amounts to a critical operational weakness. Down to just 14 operational submarines (ten Russian Kilo-class submarines, known by their Indian nomenclature, the Sindhughosh-class; and four German HDW Type 209 submarines, called the Shishumar-class), about eight are operational at any given time. The navy's ability to shut down crucial waterways, therefore, hinges mainly on the INS Chakra, the 12,700 tonne Akula II-class nuclear attack

submarine (SSN) that joined India's eastern fleet in April, on a 10-year lease from Russia. New Delhi and Moscow are negotiating a lease for a second SSN for India.

Meanwhile, the six Scorpene submarines that MDL is constructing will be delivered incrementally between 2015 and 2018. Only the last two Scorpene's will be built with MESMA Air Independent Propulsion (AIP) systems initially, with the first four to be retrofitted later.

A long-running technology debate continues to delay six more submarines that the navy's "30-Year Submarine Construction Plan" of 1999 envisages. While all sides agree on the need for AIP, an argument ensued over the optimal procurement model. One camp argued for ambitious specifications, with vendors tasked to deliver. The contending view was to choose between proven designs that were on offer. The first view was discredited by Australia's experience with the Collins-class submarines, but argument continues over the kind of AIP the navy should opt for.

The Indian Navy is acutely aware of its inferiority in numbers to the People's Liberation Army (Navy) (PLA(N)),



Russian-built nuclear attack submarine, INS Chakra, at its commissioning into the Indian Navy in April 2012. Image: Ministry of Defence, India

which operates some 50 conventional submarines and nine SSNs. Even the submarine wing of the otherwise moribund Pakistan Navy already has three AIP-equipped Agusta 90B submarines and is set to buy another six conventional submarines from China.

The picture is rosier in New Delhi's quest for maritime domain awareness (MDA). For decades, the navy has relied on an out dated Soviet-era fleet of five IL-38 and eight Tu-142 aircraft. In early 2013, the first of eight Boeing P8I multi-mission maritime aircraft will enter service, with the order likely to be increased by another four aircraft. The navy also plans to induct eight Medium Range Maritime Reconnaissance aircraft and strengthen its MDA capability with additional Unmanned Aerial Vehicles. Naval strategists argue, however, that the need to monitor India's long coastline and EEZ as well as ISLs demands a land-based surveillance network, like Australia's Jindalee Operational Radar Network (JORN).

That notion is yet to translate into a procurement or development order.

Security outlook

Occupied for now with consolidating its naval fleet, bases and doctrines, New Delhi is inclined to remain aloof from the unfolding confrontation in the Asia Pacific. While Beijing's new belligerence over its territorial and maritime claims in the South China Sea and the Sea of Japan has engendered closer alignment among many Asian powers, New Delhi sees that as a fragile coalition with serious internal fault lines. Nor is there great belief in American steadfastness. India's faith in U.S. resolve was badly shaken by President Barack Obama's controversial "G-2 condominium" proposal to Beijing in 2009, which India bitterly regarded as a concession of shared dominance to China.

In the circumstances, it is hardly surprising that New Delhi is hedging its bets. The Indian Navy, while regularly patrolling waters claimed by China and

strengthening partnerships with littoral states - especially Japan, South Korea, Vietnam, Singapore and Indonesia - is also keeping the door open for China. This is not lost on Beijing.

Could China, worried by the growing confrontation with the U.S. on its eastern flank, be looking at clearing its western flank through a border agreement with India? If there is a game-changer in the offing, it could be such a Chinese decision. In the absence of a border settlement, New Delhi will continue to hedge, strengthening its naval power in the Indian Ocean while avoiding provocation in the waters beyond the Malacca Strait.

In the medium term - 2012-2022 - the Indian Navy will accumulate the capabilities necessary for imposing sea control over selected waters, while pursuing a sea denial strategy at multiple choke points on the ISLs in the Indian Ocean. Networked through a constellation of satellites that will be

launched over the coming decade, the Indian Navy would ideally emerge as the predominant naval power in the northern Indian Ocean.

The southern Indian Ocean is another matter. Indian naval planners worry that the PLA(N) has already decided to have a significant presence in the Indian Ocean.

But a sustained PLA(N) presence in the Indian Ocean would require base support, as well as aircraft carriers on station. China's first aircraft carrier, Liaoning (formerly the Varyag), is not being immediately followed up with a second vessel. Nor has China moved towards setting up naval bases, which could perhaps be negotiated with Pakistan and Sri Lanka. New Delhi believes that China's supply to Pakistan of F-22 frigates, submarines and other equipment is directed at creating local capabilities without establishing a base.

For now, the Indian Navy's growing muscularity has not evoked objections, not even from Beijing. Meanwhile, most littoral states have welcomed India's growing control over the northern Indian Ocean, especially given the insecurity that piracy has bred. In short, New Delhi is likely to remain an independent actor, eschewing overt alliances and

maintaining a cooperative rather than a confrontational relationship with both China and the U.S.

Ajai Shukla is a former military officer who is writes on strategic affairs for Business Standard, an Indian daily newspaper.



PACIFIC OCEANIA : ARC OF OPPORTUNITY?

Joanne Wallis

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The most promising sign of increased regional stability was the announcement that the military component of the Australian-led Regional Assistance Mission to Solomon Islands (RAMSI) will be withdrawn in second half of 2013.”



International Women's Day, Bougainville. Image: Richard Eves

Pacific Oceania has long been referred to as an 'arc of instability', riddled by internal conflict, low levels of development and state weakness, particularly in the geographic and cultural region of Melanesia.

In the aftermath of the 9/11 attacks there were fears that terrorists or transnational criminal groups could establish bases in weak Pacific states. With a decline in global terrorism and enhanced regional responses to transnational crime, both threats now appear less acute.

There are promising signs of improved stability in the region, although many of its states remain weak and continue to face serious development challenges. Today the most pressing security questions concern the management of the region's potential resource richness and the risk that the region could become caught-up in wider great power competition for influence in the Pacific Ocean. As the region lies across major air and sea approaches to Australia and New Zealand, and is home to the United States' military bases in Micronesia, such competition could have escalating consequences.

Stability in Solomon Islands

The most promising sign of increased regional stability was the announcement that the military component of the Australian-led Regional Assistance Mission to Solomon Islands (RAMSI) will be withdrawn in second half of 2013.

The RAMSI has been operating since 2003 and although it has a mixed record (including failing to predict – and then control – major riots following the 2006 national elections), it has improved law and order, (re)built the capacity of the Solomon Islands government to collect revenues and deliver public services, and encouraged economic development. Consequently, the RAMSI is now focusing less on short-term stabilisation and more on long-term development challenges.

Complicating this change of focus is the suggestion that, while Solomon Islanders support the RAMSI, they lack confidence in their government and perceive that Solomon Islands' continuing stability depends on RAMSI's continued presence. Therefore, the management of RAMSI's drawdown and eventual departure will determine Solomon Islands' future stability.



Land-based resources have resulted in disputes, as the region's customary, communal land tenure systems often sit uneasily with more individualised market-based leasing and income distribution regimes. ”

Peaceful elections in Papua New Guinea

A relatively peaceful general election in Papua New Guinea was another promising sign of increased stability. The election took place in a tense atmosphere, with two competing political factions simultaneously claiming to constitute the legitimate national government and the threat of a constitutional crisis.

Although international observers raised concerns about the conduct of the election (and numerous petitions have been lodged to contest the results) - given the difficult political environment and the inherent challenges posed by Papua New Guinea's difficult geographical terrain - the election was a relative success.

Most promisingly, a new coalition government has been formed that brings together former political foes. Given that Papua New Guinea will soon have to decide how revenues from its massive liquefied natural gas project will be used to advance development, a unified political approach could enhance stability. However, too little parliamentary oversight could undermine democracy and challenge political

legitimacy. As Papua New Guinea continues to experience serious law and order challenges, inter-group fighting and declining government service delivery, the government's performance in the coming years may determine the country's sustained stability.

Frustration in Fiji

Similar uncertainty is evident in Fiji, which has been operating under a military regime since a coup in 2006. The regime has adopted laws to help to eliminate discrimination from Fiji's racially-divided society, announced that elections for a democratic government will be held in 2014 and appointed a Constitutional Commission to make a new constitution. However, the potential legitimacy of the new constitution and its capacity to create stability in Fiji may be undermined by restrictions imposed by the regime, including on freedom of speech and assembly, and on the contents of the draft constitution. More broadly, corruption remains rife, there is little transparency in government affairs, economic growth is stagnating and poverty is on the rise.

Consequently, Fiji's role as a regional leader continues to suffer. Fiji has been suspended from the primary regional organisation, the Pacific Islands Forum,

and has instead pursued several other regional initiatives. Fiji promoted the creation of the Pacific Small Islands Developing States organisation as an alternative to the Forum, but this has been undermined by other members of that organisations' relationship with Australia and New Zealand. Fiji has had more success with the Melanesian Spearhead Group - an inter-governmental organisation of Melanesian states from which Australia and New Zealand are excluded. With Chinese support, Fiji has been active in promoting the creation of the Group's Secretariat and the building of its headquarters in Vanuatu.

Fiji has also explicitly adopted a 'look north' policy, whereby it has sought closer ties with Asia, particularly China. China is increasingly active in the region and its interests include a fishing fleet operating out of Fiji. Although China offers valuable economic benefits to Fiji, this closer relationship may have been pursued primarily as a tool for pressuring Australia, New Zealand and the United States to re-engage with Fiji - after all three states cooled their ties and imposed limited sanctions after the 2006 coup. To an extent these tactics have succeeded, as in July 2012 Australia and New Zealand announced that they would restore full diplomatic relations with Fiji.



Southern Highlands Province, 2012 Papua New Guinea National Election. Image: Richard Eves

Issues warranting critical attention

1. Natural resource exploitation

As most Pacific states have struggled to develop significant manufacturing or industrial sectors, several rely on the exploitation of natural resources to drive private sector development. In Melanesia there has been a focus on timber, mineral and hydrocarbon exploitation. Across the region, island states are capitalising on their extensive fisheries resources, as each has been granted large exclusive economic zones (EEZs) under the Convention on the Law of the Sea. Seabed mining has also emerged as an issue, with the Pacific Islands Forum recently adopting a Regional Legislative and Regulatory Framework for Deep Sea Minerals Exploration in response to concerns about the environmental impact of this relatively new method of mining mineral resources.

While natural resource exploitation provides a valuable source of revenue for the region's developing countries, it raises a number of challenges that warrant critical attention. First, natural resources are often exploited unsustainably. For example, over-logging and consequent environmental destruction is common. Over-fishing - frequently undertaken illegally - is also a problem, as although Australia and the United States provide assistance, many states struggle to adequately police their extensive EEZs. Second, land-based resources have resulted in disputes, as the region's customary, communal land tenure systems often sit uneasily with more individualised market-based leasing and income distribution regimes. Third, resource exploitation has resulted in internal displacement, as it is common for land to be leased for mining or logging without the occupants' consent and/or knowledge.

2. Climate change and rising sea levels

The environmental effects of the over-exploitation of natural resources have been exacerbated by the effects of climate change, particularly in the form of rising sea levels. Many islands, particularly in Polynesia and Micronesia, are only a few metres above sea level. Several islands have recently become uninhabitable, resulting in the displacement of their occupants. To date the number of people affected has been relatively small but if the effects of climate change continue to worsen, these numbers will increase. It is not unforeseeable that, if these numbers stretch into the tens of thousands, the people affected will be unable to be resettled within their home states, which could result in a tide of climate refugees to surrounding developed states, particularly Australia and New Zealand.

3. Gender inequality

Gender inequality is a serious concern

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Due to the arbitrary nature of many of the colonial territorial borders inherited at independence, Pacific Oceania has long been the site of self-determination struggles.”

across the region. Most significantly, according to U.N. Women, two out of every three Pacific women has experienced physical and/or sexual violence from a male partner. Gender inequality is highly visible in the public sphere. Across the region, only five per cent of parliamentary seats are held by women and women account for only one in three people in formal employment.

At the August 2012 Pacific Islands Forum meeting, Australian Prime Minister Julia Gillard announced the A\$320 million 'Pacific Women Shaping Pacific Development' initiative, intended to expand women's leadership and economic and social opportunities. Leaders at the Forum meeting also endorsed the 'Pacific Leaders Gender Equality Declaration', which has the stated goal of improving women's political representation and gender analysis in regional development planning. However, given the pervasive nature of the problem and questions over the capacity of the region to usefully absorb Australia's large initiative, this issue warrants continued attention.

4. Upcoming independence referendums

Due to the arbitrary nature of many of the colonial territorial borders inherited

at independence, Pacific Oceania has long been the site of self-determination struggles. The two most violent struggles occurred in Bougainville, a region of Papua New Guinea and New Caledonia, a French overseas territory. Both self-determination struggles have been temporarily settled via autonomy arrangements and agreements that referendums will be held on their political futures.

In Bougainville, this referendum is scheduled to take place between 2015 and 2020. However, it is conditional on weapons disposal and the Autonomous Bougainville Government (ABG) achieving internationally accepted standards of good governance. The outcome of the referendum is advisory and subject to ratification by the Papua New Guinea parliament.

It is not clear whether the referendum will be held, as funding and capacity limitations have stymied the development of the ABG. There are also sections of Bougainville that remain outside ABG control, where weapons remain freely available. Therefore, the Papua New Guinea parliament may decide that the conditions for holding the referendum have not been met. It is not clear what would happen if this occurred, as many Bougainvilleans who

favour independence have participated in the peace process and agreed to the current autonomy arrangements, on the understanding that the referendum will be held.

Even if the referendum is held, it is not clear what the outcome will be. While the majority of Bougainvilleans favour independence, many recognise that the capacity and funding challenges faced by the ABG would be inherited by the independent state. Therefore, it is not unforeseeable that many Bougainvilleans may decide that continued integration in Papua New Guinea is the only viable option. Another alternative is that the referendum could be delayed until the ABG has developed its capacity and revenue options. Whether such a delay would be accepted by hard-core independence activists is not clear, and as many continue to hold weapons, the situation warrants continued attention. Alternatively, the referendum may go ahead and a state-building mission, probably led by Australia, may be required to prepare Bougainville for independence.

New Caledonia has experienced tensions between its indigenous Kanak and European populations. These tensions had been settled by the 1988 Matignon Accord, which provided that



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a referendum on independence would be held in ten years. However, the referendum was delayed by the 1998 Noumea Accord, which provided that a referendum would be held between 2014 and 2018, that France would devolve enhanced functions and powers, that Kanak culture and identity would be recognised and that New Caledonian citizenship would be created.

As in Bougainville, it is unclear whether the referendum will be held, and if it is, what its outcome will be. Although the FLNKS (*Front de Libération Nationale Kanak et Socialiste* (Kanak and Socialist National Liberation Front)) strongly favours independence - as only 45 per cent of the total population are Kanaks - recent general election results suggest that they are unlikely to achieve a majority. There is also concern about the economic viability of an independent New Caledonia, which currently relies on France for funding. Therefore, the independence referendum may again be delayed, which is likely to anger pro-independence groups. Alternatively, rival groups may be encouraged to accept continued integration in France, accompanied by extensive political and cultural autonomy, as an alternative to independence.

Great power competition?

Another complicating factor facing the region is the risk of escalating great power competition. United States Secretary of State Hillary Clinton's decision to attend the 2012 Pacific Islands Forum meeting suggests that Pacific Oceania's strategic importance in the broader Asia Pacific region is increasing.

China's Assistant Minister of Foreign Affairs, Cui Tiankai, declared at the Forum meeting that China is "here in this region not to seek any particular influence, still less dominance". Despite this, China has invested heavily in aid and diplomacy in the region, and is making increasing attempts to establish a military presence.

Although Clinton declared that "the Pacific is big enough for all of us", the fact that she attended the Forum meeting highlights Washington's sensitivity to growing Chinese influence. The United States has also resumed a more active diplomatic and development role and announced its intention to increase its military presence in its Micronesian territory of Guam, with personnel being relocated there from

Okinawa in Japan.

Consequently, Pacific Oceania may become a microcosm of how the Asia Pacific's changing power structure could develop in the future.

Pessimistic analyses predict that China on the one hand, and the United States (and its ally Australia) on the other, will engage in a zero-sum competition for regional influence, as occurred between the United States and the Soviet Union during the Cold War. This competition could come to a head if there is a clash between China's increasing military foothold in the region and United States' extensive military presence in Micronesia.

But there may be room for optimism. China could be drawn into a more cooperative approach to development and security, particularly by working through regional multilateral institutions. Until recently China had been reluctant to engage cooperatively, but it has shown a greater willingness to coordinate with other powers. China's new approach is illustrated by the announcement that it will partner with New Zealand to improve water provision in the Cook Islands. Clinton welcomed this announcement, declaring that 'New Zealand sets a good example for working with China'.

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Evidence of emerging cooperation between China and New Zealand may suggest that proposals for the United States to engage and cooperate with China could succeed in the future. These proposals could be developed on a relatively small and low-risk scale in Pacific Oceania, so that the lessons learnt and the confidence gained may benefit broader Asia Pacific stability and security.

Joanne Wallis works in the College of Asia and the Pacific at the Australian National University. She researches security and development in the South Pacific and Timor-Leste.

Prospects for the future

After two decades of instability and state weakness, the states of Pacific Oceania now appear much more secure than they have been in the past two decades. Increased optimism regarding the region's natural resource richness and interest from great powers, also suggest that the region's significance is increasing. So, although few Pacific states could be described as 'strong', and significant political, developmental and environmental challenges remain, 2012 may be the year that Pacific Oceania moves from being seen as an 'arc of instability' to an 'arc of opportunity'.



THE EVOLVING REGIONAL SECURITY ARCHITECTURE AND CHALLENGES FOR TRACK TWO

Leela Ponappa and
Kwa Chong Guan

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*Amplified in
new media and
social media, the
“ASEAN Way”
of managing
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is increasingly
being challenged.*

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Tiananmen Square, Beijing. Image: Nicholas Farrelly

Our world is today increasingly filled with “wild cards” of minor and unforeseen events which can rapidly build into catastrophes and crises which are hard to anticipate. The “ASEAN Way” of consensus - moving at a pace comfortable to all, not interfering in each other’s domestic affairs and despatching the ASEAN Eminent Persons Group to mediate between conflicting parties - may have worked for earlier crises. But an emerging series of crises is playing out in public diplomacy. Amplified in new media and social media, the ASEAN Way of managing regional relations is increasingly being challenged.

CSCAP was established in 1993 amid transformative change in the Asia Pacific. The Soviet Union and its affiliated bloc imploded, following the withdrawal of Soviet forces from Afghanistan. The United States positioned itself as the primary global power, China reformed and opened its economy and India began to “look East”. The Asia Pacific was taxiing down a runway of economic growth to take-off to what the World Bank in its 1993 report termed “the East Asian miracle”. A new security architecture was needed to replace the old Cold War architecture of deterrence and containment, to complement the “East Asian economic miracle”.

Toward Cooperative Security

With this vision of an emerging Asian renaissance, CSCAP was established to explore, develop and promote awareness that region-wide national securities are interdependent and that issues can be resolved through interstate dialogue and cooperation. CSCAP emphasised its proposals for “cooperative security” and its practice was different from those of the Conference on Security & Cooperation in Europe for “common security”. CSCAP believed that with the bipolarity, or tri-polarity, of the Cold War and its strategies of deterrence and balances of power behind us, the Asia Pacific could move to put in place a multilateral process and framework for reassurance, confidence and trust-building for a new era of cooperative regional security.

Through a series of Working and Study Groups, CSCAP drafted a series of memorandums on regional security issues which it presented to the ASEAN Regional Forum (ARF). Links were forged within the Track Two network, circulating to regional national institutions. In the past 19 years, CSCAP has issued 19 memorandums. The first three were broad recommendations on concepts of security and confidence-building

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Arguably, CSCAP has helped transform a regional mindset from the old Cold War “collective security” represented by the Southeast Asia Treaty Organization to a new “cooperative security” mindset.

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relevant to the unique characteristics of the region. Thereafter, memorandums have been increasingly specific, relating to maritime security and cooperation issues, terrorism and transnational crime, nuclear issues and the proliferation of weapons of mass destruction, the Responsibility to Protect, trafficking of humans and firearms, the safety of offshore oil and gas installations, and cyber security.

CSCAP’s policy recommendations in its memorandums fall into one of the three following categories:

- > Analysing complex policy issues for the ARF, such as what constitutes regional security in our early memorandums, or the dimensions of maritime security in subsequent memorandums. Another example includes the relationship between terrorism and transnational crime and recommend policy options for these
- > Drawing attention to evolving international norms and best practice on emerging regional security issues. This was the thrust of a number of the memorandums on maritime security and, more recently, on implementing the Responsibility to Protect or the peaceful use of nuclear energy.

The recent memorandum on Cyber Security proposed a series of norms and measures to ensure a safer cyber security environment

- > Identifying which policy options attract broad consensus among affected stakeholders. With its wide membership, CSCAP is well placed to reflect the diversity of opinions on policy issues or an emerging consensus

CSCAP’s policy analysis uses a policy making model that assumes that we live in an orderly world in which we believe we are in control of events and can take actions which we expect will have predictable effects. The Study Groups are expected to promote policy options and norms that will guide policy decisions and actions in optimal directions. The Organisation sees itself as an “epistemic community” of domain experts providing policy options to Track One officials.

Confidence-building measures have helped to develop a lexicon to discuss and negotiate new cooperative security for the Asia Pacific. The search for consensus and the building of trust for peaceful dispute resolution is seen as the prelude to the ARF’s concept of preventive diplomacy. Arguably, CSCAP has helped transform a regional mindset from

the old Cold War “collective security” represented by the Southeast Asia Treaty Organisation, to a new “cooperative security” mindset.

On this basis, the ASEAN Way can advance on negotiated outcomes and make assumptions about our futures. Issue resolution in the policy world works within its own environment. As former U.S. Defence Secretary Donald Rumsfeld said, “it’s up to all of us to try to tell the truth, to say what we know [and] to say what we don’t know”. This is the policy world he ambiguously described as working according to “what we know we know” and what “we know we do not now”. With this in mind, CSCAP can search for more data and experts to help resolve policy issues or make policy recommendations with best practice and norms to tackle problems.

Emerging Crises

The 1997 financial crisis impacted on regional states’ capacity to promote norms and push for best practices for cooperative regional security. Institutional mechanisms were enacted to rebuild the region’s economies. Optimistically, the World Bank entitled its 1998 report East Asia; the *Road to Recovery*.



A Cambodian soldier guards the grounds of Preah Vihear temple, 2011

In addition, 'black swan' political crises following the region's financial contagion brought new challenges. Region-wide political fallout from the financial contagion enmeshed the region into a vastly different chaotic and turbulent environment. The 9/11 terrorist attacks in 2001 and the ensuing US intervention in Afghanistan further trapped the region which strained linear policy analysis and planning.

In hindsight, we could and should have anticipated the 1997 financial contagion which dragged the region into a new complex world. If we had understood the nature of the interconnections between various political and economic issues, we might have better understood how to manage the relationship between "cause" and "effect". This would have better enabled regional policymakers to move fairly rapidly after the crisis and implement measures to mitigate its short and long-term effects.

The recent series of incidents in the South China/East China Sea are examples of how small actions - such as the Philippines and South Korea attempting to detain Chinese fishing vessels - can erupt into a major diplomatic crisis. The prospect of enduring border disputes between Asia Pacific countries flaring up as skirmishes and escalating into political crises haunts the region. The inability of ASEAN Foreign Ministers to agree to a Communiqué at their 2012 annual meeting in Phnom Penh is indicative of the array of crises facing the ASEAN Way and its attempts to meet regional security and stability demands.

The ASEAN Way to regional cooperation through consensus has been further tested in a number of non-traditional security crises:

- > Infectious disease pandemics – Severe Acute Respiratory Syndrome (SARS) in 2003, Avian Flu (H5N1) in 2005 and a milder H1N1 in 2009

- > Natural disasters - the 2004 Indian Ocean earthquake and ensuing tsunami and the aftermath in 2008 of Cyclone Nargis in Myanmar

These medical and environmental crises - low probability, high consequence events - could not have been anticipated. Furthermore, the compounding crisis following the 2011 earthquake and tsunami in Japan which hit the Fukushima nuclear power plant, was the harbinger of yet another category of disasters. A trend toward disastrous industrial accidents with "High Reliability Organizations" - such as nuclear power plants, chemical plants and oil rigs, and "slow onset disasters" associated with water resources – will further test the region's capacity to respond to humanitarian crises.

Living with Crises

These crises - border skirmishes, environmental disasters or financial contagion – are increasingly finding their place in the everyday life for the people of Asia Pacific nations.

Current policy options for responding to security problems may be irrelevant in an increasingly uncertain region marred with “unknown-unknowns”. The challenge for CSCAP is to identify whether the current regional security cooperative norms and practices can advocate new best practices.

Twenty years ago, CSCAP’s first challenge was to change mindsets on regional security. The aim was to redefine regional security concepts in cooperative security terms and confidence and security-building measures. In particular, preventive diplomacy built a new lexicon for talking and thinking about regional security. Twenty years on, CSCAP will have to rethink its approach to regional security.

Its first priority is to recognize what constitutes a crisis and suggest how to operationalise a coordinated response. Are crises concerned with unwanted and incalculable damage from an unpredictable sequence of events or with an assessment of the impact of a developing situation? When does a sequence of events become a crisis? Are crises concerned with threats to norms and values? Should any major alteration to the status quo be considered a crisis? Can the regional security architecture help?

The second category of problems associated with the analysis of regional security crises are the deep ideological assumptions and understandings of economic rationalism, neo-liberalism, market fundamentalism, nation state jurisdiction and national sovereignty. Old mindsets remain, and there is often reference to Cold War assumptions concerning deterrence and

containment. These views challenge the practice of multilateral cooperative security. The existential threat of incalculable damage from crises ought to force a reframing of public policy to confront these possible black swans, wild cards and unanticipated, yet probable events.

The third category concerns conceptual tools to manage anticipated developments or surprises leading to crises. If crises are, by definition, surprising and unpredictable, leading to uncertain outcomes, then the planning assumptions of rationality, predictability and certainty of the policy process becomes irrelevant. A new set of heuristics to help make sense of a disaster and the diachronic planning and decision paths “into” and “out of” crises is urgently needed.

The fourth category involves institutional mechanisms available and capable of dealing with a crisis in action. The ARF has pioneered a regional approach to cooperative security. New forums to address issues of regional security have since emerged. The challenge now is how all these forums can best interact with one another and share responsibility.

CSCAP will also need to adjust its work to provide credible Track Two inputs in such scenarios. It will need to determine the nature of its engagement with current regional bodies while considering where its contributions to the regional cooperative security discourse best fit. On the Track One level, CSCAP’s dialogue will need to address issues on official agendas, as well as other issues that, according to CSCAP’s assessment, call for attention.

As in the case of its first two decades, CSCAP will enter its third decade as an epistemic community of “old hands” and knowledgeable people seeking to propose ethical, optimal and effective policy options and choices to Track

One. CSCAP can and will continue to claim to represent the intellectual voice of the region in presenting rational and considered plans for the security of the region, whether in the disputed South China Sea or cyberspace. But the question this raises is whether the existing model of policy advice is the best for furthering regional security. In an increasingly complex, if not chaotic world, CSCAP may miss the “wild cards” that are likely to emerge and challenge the current order.

On the eve of its twentieth anniversary, CSCAP faces the challenge of transforming Asia Pacific perceptions regarding the region’s security. This is a challenge CSCAP has dealt with in the past, and with real success, when it socialised the Asia Pacific into rethinking its security in cooperative terms, through the practice of confidence-building measures and preventive diplomacy. Today, CSCAP must do so again and address the prospect of increasing uncertainty around crises that affect regional security.

Leela Ponappa and Kwa Chong Guan are Co-Chairs of CSCAP.

CSCAP

Established in 1993, the Council for Security Cooperation in the Asia Pacific (CSCAP) is the premier Track Two organization in the Asia Pacific region and a counterpart to the Track One, ASEAN Regional Forum (ARF).

It provides an informal mechanism for scholars, officials and others in their private capacities to discuss political and security issues and challenges facing the region. It provides policy recommendations to various intergovernmental bodies, convenes regional and international meetings and establishes linkages with institutions and organisations in other parts of the world to exchange information, insights and experiences in the area of regional political-security cooperation.

STUDY GROUPS

CSCAP'S Study Groups and Experts Groups are the primary mechanism for CSCAP activity. These groups serve as fora for consensus-building and problem solving and to address specific issues and problems that are too sensitive for official dialogue. Current Study Groups include:

- > Countering the Proliferation of Weapons of Mass Destruction in the Asia Pacific
- > Multilateral Security Governance in Northeast Asia/North Pacific
- > Naval Enhancement in the Asia Pacific

Study Groups recently concluded:

- > Water Resources Security
- > Cyber Security
- > Significance of the Establishment of Regional Transnational Crime Hubs to the Governments of the Asia Pacific Region

- > Responsibility to Protect
- > Safety and Security of Offshore Oil and Gas Installations
- > Security Implications of Climate Change
- > Asia Pacific Cooperation for Energy Security
- > Facilitating Maritime Cooperation in the Asia Pacific

MEMBER COMMITTEES

CSCAP membership includes almost all the major countries in the Asia Pacific region:

Australia
Brunei
Cambodia
Canada
China
India
Indonesia
Japan
DPR Korea
Korea
Malaysia
Mongolia
New Zealand
The Philippines
Russia
Singapore
Thailand
United States of America
Vietnam

Associate Member

Pacific Islands Forum Secretariat

PUBLICATIONS

CRSO Regional Security Outlook (CRSO)

The CRSO is an annual publication to highlight regional security issues and to promote and inform policy-relevant outputs as to how Track One (official) and Track Two (non-official) actors can together advance regional multilateral solutions to these issues.

CSCAP Memoranda

CSCAP Memoranda are the outcome of the work of Study Groups approved by the Steering Committee and submitted for consideration at the Track One level.

CSCAP General Conference Reports

Since 1997, the biennial *CSCAP General Conference* is designed to be an international forum where high ranking officials and security experts from the Asia Pacific region meet every two years to discuss security issues of relevance and to seek new ideas in response to evolving developments in Asia Pacific security. The forum is usually attended by approximately 250 participants; making it one of the largest gatherings of its kind.

Through its publications, CSCAP's recommendations have been well received by the ARF.

www.cscap.org



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